

**Martingale Strategy** Martingale strategy is one of the most famous Forex strategies in the world! But many traders and especially professional traders don't agree with this strategy. Here I want explain this strategy and give you good idea to understand how and when use this strategy to earn profit. **What is the martingale strategy?** The word martingale has so many meanings. But one thing is doubtless. Short definition about martingale strategy is increase your risk when you lose! it's completely against the money management rules but it will work some time! Martingale was introduced by the French mathematician "Paul Pierre Levy" and it used for betting in casino. The theory is simple when your chance to win is 50% you can earn profit just by double your bet risk when you lose. If you win one time only you will recover loses and earn profit too! Suppose that you start betting with 1000\$ deposit. Look at the table please:

| <b>Bet Amount</b> | <b>Winning Profit</b> | <b>Total Balance</b> | <b>Win Or lose?</b> | <b>After Bet Balance</b> |
|-------------------|-----------------------|----------------------|---------------------|--------------------------|
| 10\$              | 20\$                  | 990\$                | Lose                | 990\$                    |
| 20\$              | 40\$                  | 970\$                | Lose                | 970\$                    |
| 40\$              | 80\$                  | 930\$                | Lose                | 930\$                    |
| 80\$              | 160\$                 | 850\$                | Win                 | 1010\$                   |

It's look good strategy but there is huge risk behind this strategy. Suppose that you continue loses only 3 times more! Look at new table:

| <b>Bet Amount</b> | <b>Winning Profit</b> | <b>Total Balance</b> | <b>Win Or lose?</b> | <b>After Bet Balance</b> |
|-------------------|-----------------------|----------------------|---------------------|--------------------------|
| 10\$              | 20\$                  | 1000\$               | Lose                | 990\$                    |
| 20\$              | 40\$                  | 990\$                | Lose                | 970\$                    |
| 40\$              | 80\$                  | 970\$                | Lose                | 930\$                    |
| 80\$              | 160\$                 | 930\$                | Lose                | 850\$                    |
| 160\$             | 320\$                 | 850\$                | Lose                | 690\$                    |
| 320\$             | 640\$                 | 690\$                | Lose                | <b>370\$</b>             |
| <b>370\$</b>      | <b>740\$</b>          | <b>370\$</b>         | <b>Win</b>          | <b>740\$</b>             |

If you lose 6 times continuously you will not earn profit even if you win on your seventh chance. The other problem is there is not 50-50 winning chance in casino's games! In this situation you can't be winner always with this strategy. Anyhow the Forex market is different because in Forex market you can analyse the chart and price movement but in casino you are betting on your chance not your analyse. **Using Martingale Strategy in Forex Market:** In Forex market you can do [martingale strategy](#) in a different way the important keys in martingale strategy is increase your risk when you lose! **For example:** You can increase your risk from when you lose 3 times continuously you don't need increase it double you can increase it a few more it's completely depend on your strategy and specially your continuously loses according to your trading history. For example, suppose that your strategy take profit and stop loss is like this: SL= 50 pips TP: 80 pips lots: 0.1

| Order | Lot | Lose/Profit | Total |
|-------|-----|-------------|-------|
| 1     | 0.1 | -50         | -50   |
| 2     | 0.1 | -50         | -100  |
| 3     | 0.1 | -50         | -150  |
| 4     | 0.2 | -100        | -250  |
| 5     | 0.4 | +320        | +70   |

**Another Example:** SL: 30 TP: 90 Lot=0.1

| Order | Lot  | Lose/Profit | Total |
|-------|------|-------------|-------|
| 1     | 0.1  | -30         | -30   |
| 2     | 0.1  | -30         | -60   |
| 3     | 0.1  | -30         | -90   |
| 4     | 0.1  | -30         | -120  |
| 5     | 0.15 | +135        | +15   |

As you can see you can earn profit after 4 continuously loses by just increase your risk from 0.1 lots to 0.15 it's Many people think that martingale strategy in Forex is like gamble in casino but as you see in this examples its different the other reasons are: **1:** In casino the maximum chance to win is less than 50% but In Forex market the chance is completely depend on your analysis when you can predict market up to 50% it means that this strategy can increase your profit and you are not count on your chance only. **2:** The most famous martingale strategy is wait for market reversal for example if market goes up 40 pips (without any reverse) you start sell on symbol with 20 pips distance if market goes up 20 pips more you will increase your lot and you will do it till market just come back 15 pips you will be in profit In normal market condition it's very unusually that market goes

up or down rapidly without any reverse it means that every time the market goes up without reverse your chance to win will increase but in casino your chance will not increase! **3:** The increase lot in Forex market is completely flexible well you can manage it to get your profit. **4:** you are Forex market analyzer well you can understand this is not good time to start martingale strategy there is important news or market volatility is too high but in casino there is no analyse! **My Advice: Don't** trust martingale EA's I believe that there is no any good martingale EA because they don't know market news they can't understand market condition and volatility and etc. the best way is stop your EA and look at the market you will understand when you should start martingale and when to stop when you understand it start your EA let it work and earn profit then stop it don't let it work 24 hours you will get call margin! **Author: M.Jamshidi** [Download This Book](#)