

Good Forex Strategy (I)



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Dear Friends

Choosing a good strategy is very important note to improve your emotional control.

Here I want talking about a good strategy in forex market.

What are good strategy futures?

Good Forex Strategy means when open and conducted with how many lots and when should close you position even in loss or profit.

Chose a good strategy will help you to decrease emotions in the forex trading.

But the big question is what the good strategy's properties are?

A good strategy should have these futures:

1- One trade on each Forex pair at the same time.

If you must open a lot of order at the same time on one currency pair it means your strategy is not good. Avoid this kind of trading system in forex market.

2- Equal or more profit target according to the exit target in loss.

Most times traders stop loss is more than their profit target a good strategy should have equal profit or more try to improve your strategy to increase your profit comparison with Stop loss.

Risk/Reward ratio is very important. When I was amateur trader the most of my trades was right but in end I lost some money. Because I had small take profit and a big Stop loss!

To understand how a good risk/reward ratio can give you profit, see the bellow example:

10 trades and 80% win with 20 pips TP and 40 Pips SL

It means that $8 \times 20 = 160$ pips profit and $2 \times 40 = 80$ pips loss

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Your real profit will be $160 - 80 =$ pips.

BUT

10 trades and 50% win! With 40 pips TP and 20 pips SL

$5 * 40 = 200$ and $5 * 20 = 100$ then your real profit will be 100 pips!

3- You should know how much time need to go till your position close.

When you open a position you should guess how much time it need to close in loss or profit if you see that your positon did not closed after a while you should manage it again.

4- Good strategy will not go down your margin level below 1000.

5- Good Strategy should not have a lot of continuous loose trade. According to my experience if you had 6 loses continually your strategy is wrong.