



Forex Trading w/ Jan & Aristotle

Presented to FTA on January 11, 2005

Disclaimer

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To be successful, it's just this simple:

Know what you're doing.
Love what you're doing.
And believe in what
you're doing.

Trading Fashion

- Patience (successful trading is a long road)
- Dedication
- Confidence
- Set your goal with measurable results
- Discipline
- Focus on consistently “Profitable” trades
- Limit your losses
- Keep it SIMPLE

Keep It SIMPLE



Trading Tools

- Tradestation (strategy/analysis platform)
- GFT Forex (execution platform)
- Forex Time Chart
- Weekly Economic Calendar
- TV News
 - Bloomberg
 - CNN

Trading Hours

- Hours
 - 11:30 PM to 12:30 AM – Market analysis
 - 1 AM to 10 AM - Trading
- Time Frames
 - 30, 60, Daily – Market review
 - 5 - execution
- Currency Pairs
 - EUR/USD
 - GBP/USD

Trading Rules

- In the “Zone Trading”
 - Trade only within your trading schedule
- Don't get GREEDY
 - Always, Always, Always set your targets & stops
- Stick to your trading strategy

Trading Analysis & Strategies

- Technical Analysis – history and price action forecast
 - Slow Stochastic
 - ❖ Long – Strategy generates a long entry order for next bar at open when the %K (cyan) crosses above the %D (red) line and both values are below the oversold level.
 - ❖ Short – Strategy generates a short entry order for next bar at open when the %D (red) crosses above the %K (cyan) line and both values are above the oversold level.
 - Fibonacci (support & resistance)
 - Candle Sticks
- Technical Strategies – complete set of long/short entry and exit rules
 - RSI
 - ❖ Long – Value at/below 30 oversold
 - ❖ Short – Value at/above 70 overbought
 - Slow Stochastic
 - ❖ Long – Level at/below 20 oversold
 - ❖ Short – Level at/below 80 overbought
 - Optimization
 - ❖ Optimization is the process of testing a range of values used for inputs with the purpose of fine-tuning a trading strategy.

Before Optimization



After Optimization



5 Minute Performance Summary

TradeStation Strategy Performance Report - GBPUUSD 5 min (12/9/2004-1/10/2005)

TradeStation Performance Summary Collapse ^

	All Trades	Long Trades	Short Trades
Total Net Profit	\$21,760	\$8,810	\$12,950
Gross Profit	\$29,980	\$15,000	\$14,980
Gross Loss	(\$8,220)	(\$6,190)	(\$2,030)
Profit Factor	3.65	2.42	7.38
Open Position P/L	(\$130)	\$0	(\$130)
Select Total Net Profit	\$19,980	\$8,810	\$11,170
Select Gross Profit	\$28,200	\$15,000	\$13,200
Select Gross Loss	(\$8,220)	(\$6,190)	(\$2,030)
Select Profit Factor	3.43	2.42	6.50
Adjusted Total Net Profit	\$15,610	\$3,589	\$9,473
Adjusted Gross Profit	\$26,203	\$12,306	\$12,332
Adjusted Gross Loss	(\$10,593)	(\$8,717)	(\$2,859)
Adjusted Profit Factor	2.47	1.41	4.31
Total Number of Trades	76	38	38
Percent Profitable	82.89%	81.58%	84.21%
Winning Trades	63	31	32
Losing Trades	12	6	6
Even Trades	1	1	0

Performance Summary | Trade Analysis | Trades List | Periodical Returns | Performance Graphs | Trade Graphs | Settings

Refer to handouts

5 Minute Trade Analysis

TradeStation Strategy Performance Report - GBPUSD 5 min (12/9/2004-1/10/2005)			
TradeStation Trade Analysis Collapse ^			
	All Trades	Winners	Losers
Total Number of Trades	76	63	12
Avg. Trade Net Profit	\$286	\$476	(\$685)
1 Std. Deviation of Avg. Trade	\$613	\$393	\$669
Avg. Trade + 1 Std. Deviation	\$899	\$869	(\$16)
Avg. Trade - 1 Std. Deviation	(\$327)	\$82	(\$1,354)
Coefficient of Variation	214.11%	82.68%	97.63%
Time Averages			
Avg. Time in Trades	10 Hrs, 6 Mins	8 Hrs	17 Hrs, 11 Mins
Avg. Time Between Trades	n/a	4 Hrs, 14 Mins	1 Dy, 15 Hrs
Avg. Time Between Trade Profit Peaks	11 Dys, 23 Hrs, 22 Mins		
Outliers			
	Total	Positive	Negative
Number of Outliers	1	1	0
Outlier Profit/Loss	\$1,780	\$1,780	\$0
Run-Up/Drawdown			
		Run-Up	Drawdown
Max. Value		\$2,100	(\$2,560)
Max. Value Date		1/2/2005	1/4/2005
Avg. Value		\$546	(\$380)
Performance Summary Trade Analysis Trades List Periodical Returns Performance Graphs Trade Graphs Settings			

5 Minute Trade List

TradeStation Strategy Performance Report - GBPUSD 5 min (12/9/2004-1/10/2005)

TradeStation Trade By Trade

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#	Type	Date/Time	Signal	Price	Shares/Ctrts Profit/Loss	Gross P/L Cum Net Profit
	Sell	01/05/05 09:35	RsiSE	\$1.8865	\$660	\$20,090
69	Sell Short	01/05/05 09:35	RsiSE	\$1.8865	1	\$410
	Buy to Cover	01/05/05 23:30	RsiLE	\$1.8824	\$410	\$20,500
70	Buy	01/05/05 23:30	RsiLE	\$1.8824	1	(\$600)
	Sell	01/06/05 08:30	RsiSE	\$1.8764	(\$600)	\$19,900
71	Sell Short	01/06/05 08:30	RsiSE	\$1.8764	1	(\$10)
	Buy to Cover	01/07/05 00:50	RsiLE	\$1.8765	(\$10)	\$19,890
72	Buy	01/07/05 00:50	RsiLE	\$1.8765	1	\$550
	Sell	01/07/05 04:55	RsiSE	\$1.8820	\$550	\$20,440
73	Sell Short	01/07/05 04:55	RsiSE	\$1.8820	1	\$1,090
	Buy to Cover	01/07/05 09:55	RsiLE	\$1.8711	\$1,090	\$21,530
74	Buy	01/07/05 09:55	RsiLE	\$1.8711	1	\$0
	Sell	01/09/05 18:35	RsiSE	\$1.8711	\$0	\$21,530
75	Sell Short	01/09/05 18:35	RsiSE	\$1.8711	1	(\$260)
	Buy to Cover	01/10/05 09:35	RsiLE	\$1.8737	(\$260)	\$21,270
76	Buy	01/10/05 09:35	RsiLE	\$1.8737	1	\$490
	Sell	01/10/05 20:25	RsiSE	\$1.8786	\$490	\$21,760
77	Sell Short	01/10/05 20:25	RsiSE	\$1.8786	1	n/a
	Buy to Cover	open	n/a	\$1.8799	n/a	n/a

Performance Summary Trade Analysis Trades List Periodical Returns Performance Graphs Trade Graphs Settings

Jan's 5 Easy Steps to Trading

1. Review previous day market analysis
2. Optimize to determine new potential trades
3. Place trades based on RSI or Slow Stochastic strategy
4. Set trailing stop
5. Stick to your “Strategy”
 1. Don't second guess yourself. If you have to refine, refine your strategy NOT yourself.

Q&A - References

- Q&A

- References

- Platform

- ❖ www.tradestation.com
- ❖ www.gftforex.com
- ❖ Brad VanNatter
800-465-4373 ext. 2890
bvannatter@gftforex.com

- News

- ❖ www.briefing.com
- ❖ www.fxstreet.com
- ❖ www.bloomberg.com

- Other

- ❖ www.timeanddate.com
- ❖ www.incrediblecharts.com

- Books

- ❖ 'Battletested tools and strategies for the Master Day Trader'
– Oliver Velez & Greg Capra
- ❖ 'New Frontiers in Fibonacci Trading Charting Techniques, Strategies & Simple Application'
– Michael Jardine