
Module 4: How you make money

Please click on the diagrams below to enlarge

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To most traders it would appear that one can not make money from buying and selling currency at the same time. Strangely enough if you repeat the process over and over again you do make a profit. Below are examples of this.

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Firstly let's look at the most basic way gains are made.

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Step 1 When starting the GRID Trading Process one would start a BUY (BUY 1) and SELL (SELL 1) as the price reaches a grid level. Using the example above 2.000.

{gallery}01/grid2{/gallery}

Step 2 The price moves to another grid level. We will use 2.0100 in this example.

The 1st thing that happens is that the BUY (BUY 1) is cashed in positively

At this point the situation is:

Account: +\$1 000 in cash due to cashing in the BUY (BUY 1) transaction

Still active -\$1 000 on the SELL (SELL 1) transaction that is still active

Overall break even

{gallery}01/grid3{/gallery}

Step 3 is to apply the basic rule of having the potential of cashing in if the price goes down or goes up. This is done by entering another BUY (BUY 2) and another SELL (SELL 2) at the 2.0100 price level.

{gallery}01/grid4{/gallery}

Step 4 To illustrate how gains are then made let's assume that the price goes back to 2.000. What will happen is:-

1 The SELL (SELL 2) from step 3 will be cashed in at +\$ 1 000

2 The BUY (BUY 2) from step 3 will have a negative balance of - \$ 1 000

3 The SELL (SELL 1) from step 1 will have a zero balace as it has gone back to its entry level.

4 The BUY (BUY 1) from Step 2 will still have a realized gain in the account +\$ 1 000

The net result is magically a gain of \$1 000

Please work through this example to ensure that you understand the concepts of how looking at individual grid hedged transactions pairs don't make sense but when added combined they potentially result in gains

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View this video for details - 100% retracement

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MORE EXAMPLES OF MOVEMENTS THAT RESULT IN GAINS:

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Example 1

2 Cash in transactions, 1 loss and one breakeven = overall gain

{gallery}01/grid8{/gallery}

Example 2

Both result in 3 cash in's and 2 negative transactions = result overall gain.

{gallery}01/grid5{/gallery}

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View this video for more details 50% retracement

Example 3

Should the price move as shown in the below example the results will be 10 cashed in transactions (+\$ 10 000) and there will only be 2 active transactions (-\$ 2 000) = a net gain of \$ 8 000.

{gallery}01/grid6{/gallery}

The big question now is how do we handle trending markets safely and how do we use these techniques in a comprehensive strategy to achieve the results that we are currently achieving in our Grid subscription service.

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View these video for some live examples GBPJPY1000 and GBPJPY3250

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QUESTIONS OR COMMENTS REGARDING THIS MODULE

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