Wealth is abundance, but knowledge is further...

Stupid Trader

Play Safe!

By Jimmy Wong

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Winner of Most Promising Entrepreneurship Award APEA 2012
(Asia Pacific Entrepreneurship Awards)

Emerging Winner - SME ONE ASIA AWARDS 2012

Awarded Promising SME 500 2012(Platinum Category)

First & Only Forex Institute Awarded ISO 9001:2008 Certification

JF LENNON®
INSTITUTE OF FINANCIAL SCIENCE

For my dad Steven, my mom Jenny,

my wife Kathleen, my daughter Reneé and my son Reykell

About Jimmy Wong

Jimmy Wong is one of the region's most inspirational Forex traders, best known for making millions from Forex. He continues to amaze hundreds from all over the world with his signature live demonstrations of making profitable Forex trades while blindfolded.

Jimmy believes that everyone deserves to profit from Forex, but only a few do. This is why he is passionate about providing every person-in-the-street the opportunity to consistently profit from Forex over a long time.

Today, he leads the JF Lennon Institute of Financial Science, world's leading Forex institution based in Singapore, as its CEO and co-founder. JF Lennon's primary focus is to help Forex traders maximize profit through the effective design of trading systems based on sound scientific research. Having attained ISO 9001:2008 certification, the institution is committed to deliver world-class Forex education.

The path to wealth and abundance is never easy, but it is not impossible. Jimmy knows this well. His story of wealth creation is one punctured with failures and setbacks. But his can-do attitude and entrepreneurial spirit drives him to seek the silver lining in whatever he undertakes. Today, apart from JF Lennon, he owns a number of thriving businesses – a living testament that with a positive attitude and hard work, one can achieve the seemingly impossible.

To Jimmy, creating wealth is just the beginning. Wealth in abundance is to be shared. Through JF Lennon, Jimmy's long-term goal is to create a million millionaires, who in turn can help a million more lives. Jimmy currently lives in Singapore together with his lovely wife, Kathleen, and their two beautiful children, Reneé and Reykell.

JF Lennon – Institute of Financial Science Training Programs, Education Materials and Student Support are ISO 9001:2008 Certified

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and more...

Stupid Trader, Play Safe!

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Section 1: Introduction

Introduction

The Foreign Currency Exchange market – Forex – is the largest financial market in the world. In terms of volume, no other financial market operates at the same magnitude as Forex - the current daily transaction value of the Forex market is about $4 trillion dollars. (According to the Bank for International Settlements, BIS, as of April 2010.)

Compared with other financial markets, the Forex market is extremely liquid and volatile, operating in an environment that has no central clearing mechanism – be it at a national or international scale.

The act of trading in foreign currencies is not new. For example, there was a time in history when Chinese merchants traded their goods for Spanish silver coins instead of Chinese copper coins. But retail Forex trading, as we know it today, is a fairly modern financial tool. It can be considered the gold rush of this century.

When countries started to float currencies against one another in the 1970s, many companies involved in international trade recognized the impact Forex had on their businesses. By the 1990s, the popularity of Forex as a trading tool accelerated, with the introduction of online trading for individuals.

Today, it is not difficult to start trading in Forex. A person with USD$250 to spare can open an online trading account. This provides the person-in-the-street with an unprecedented opportunity to participate in a financial market system like never before.

However, the opportunistic nature of Forex makes it risky as well. Everybody deserves a chance to profit from Forex; but few actually do. It is easy – sometimes too easy - to lose money in Forex trading. Today, the Forex market is in a stage of rapid expansion.

But the Forex market's sheer volume make it difficult to regulate. Like the gold rush of the past, this means that anything and everything can happen. For instance, people may get cheated by false promises. Let's assess how these observations affect our potential to profit from Forex.

MAJORITY OF FOREX ACCOUNTS LOSE MONEY

There is a suggestion that only 10% of Forex trading accounts are profitable. Well, enough talk. To find out how true this suggestion is, let us look at some real-time data - since data do not lie or exaggerate.

In the past, it is not easy to obtain real-time data on the profitability of Forex trading accounts. However, in October 2010, the U.S. CFTC (Commodity Futures Trading Commission) released new regulations for US retail Forex brokers. One new regulation requires that retail Forex brokers (in the US) release quarterly overall profitability statistics of account holders managed by them to their target consumers. Thanks to this new regulation, we can now evaluate the profitability of Forex trading accounts with real-time data, instead of relying on secondary sources.

I managed to obtain the released figures of two retail Forex brokers. This is what their data reveal: for the last four quarters from September 2009 to 2010, 24% of Forex account holders managed by them were profitable. This meant that the majority of their Forex trading accounts – 76% - consistently lost money over a period of 12 months. In other words, for every one trader who profited from Forex in the last year, three lost money. So it is not too far off from the suggestion that only 10% of Forex accounts are profitable. This is the reality of Forex trading.

Mind you, the statistics operate with the keyword "profit" in mind. "Profit" - not get rich. If you invested $10,000 and made $1, that's considered profit. Do you know of millionaires who made their fortunes from Forex? Perhaps one day, there will be a way to determine how much profit has been generated from Forex... but that is something else to be explored another time.

I want to talk about these numbers and realities upfront in this book because I want you to approach Forex with the right mindset. Many people are influenced by what they hear and see of Forex trading from movies, television or by word-of-mouth. They hear of fortunes that are made overnight from Forex. They (mistakenly) assume that the zeros multiply by the second. In fact, some traders who attend my school are lured by the fact that I made my initial fortune from Forex trading. Yes, it is true that my fortune was originally made from Forex, but it was certainly not made overnight.

Wake-up. I want you to recognize that there are risks involved when trading in Forex. These risks are very real. I have seen too many people do stupid and irresponsible things when they trade in Forex, causing them to lose money – sometimes, money that they could not afford to lose in the first place. I have seen too many people trade with their emotions, leading to their financial downfall. I am deeply saddened by what I have seen.

It does not have to be this way. I truly believe that everyone deserves a chance to profit from Forex. The fault does not lie with Forex. The Forex market is not the enemy. The fault lies elsewhere – it lies with the Forex trader. As wise philosophers point out, “the greatest enemy is oneself”. Too many Forex traders allow themselves to be blinded to the real risks in Forex. They want to win, so they treat Forex as a gamble. They want to get rich quickly, so they trade with their feelings of greed, anger, fear or desperation. This is how they quickly become unprofitable statistics.

So is it really possible to be profitable in Forex trading? My answer is YES! I'm going to show you how.

60-30-10

The first mindset we need to follow lies in this formula: **60-30-10**. To understand the rationale for this formula, we need to first know the three elements necessary in order to profit from Forex:

(1) Emotional management

(2) Money management

(3) Strategy

Let's start by first understanding the rationale of the first two elements, emotional management and money management.

Question: What would you do if you want a safe drive?

Do you

(a) focus on buying a car with the best safety features in the world,

Or

(b) do you focus on good defensive driving habits?

A car with the best safety features in the world does not make a drive safe. The best way to achieve a safe drive is to choose a car that is equipped with the safety features AND rely on good defensive driving habits like staying alert, remaining calm in heavy traffic and minimizing other distractions (mobile phones, loud music…). We know this instinctively – the car with the highest safety rating in the world is not going to deliver safe rides if the driver is reckless, careless and/or impatient. The human element is as important as the features of the car.

The same applies to Forex trading. If you want to be profitable in Forex trading, do you think it is enough to invest in a strategy or system?

There are many books written about Forex trading to help new traders. Most of them tend to focus on adopting a certain strategy or system. This somewhat gives a false impression to newcomers: that is, to profit in Forex trading, one simply needs a good strategy. So let me ask you this: there are so many strategies claiming to help traders become profitable. If having a good strategy is THE secret to profit from Forex, then why are so many accounts still losing money?

Yes, it is true that you need a good strategy. But clearly, having a strategy alone is not enough.

Some of us know this extremely well. Since the act of trading is carried out by a person, the human element must be accounted for and properly addressed. This is common sense, you say. But knowing something, and putting something into practice, is an entirely different matter. Overall, I would say there is simply insufficient attention paid to these two human elements. For instance, I have mentioned that current books written about Forex trading tend to focus on learning or adopting a system or strategy.

There are not many Forex books that focus mainly on managing money. And there are even fewer books that wholly focus on emotional management. It is as though there is this underlying assumption that Forex traders are rational, emotionally-mature individuals who are responsible with their money and their trading decisions.

In an idealized world, this would be the case. Forex traders would be rational, emotionally-mature individuals who trade without emotion and with discipline. In reality, this is seldom the case. It is never easy managing one's emotions when one is trading. There are many emotions involved when one trades, since it involves money – usually hard-earned money. Greed, fear, panic, desperation and anger: these are typical emotions traders display.

In my experience, the biggest hurdle is in managing my emotions when I trade. I say "is" because it IS still the biggest hurdle for me. Many successful traders focus on managing the human elements of Forex trading: controlling and managing our emotions, and managing our money well. We know that if we want to profit from Forex for a very long time, we need to be able to control our emotions. Implementing a strategy is secondary.

To me, the proportion of time and energy you need to focus on Forex trading should be divided as follows:

60-30-10 PRINCIPLE:

- 60% of your time, energy and attention should be focused on managing your emotions,

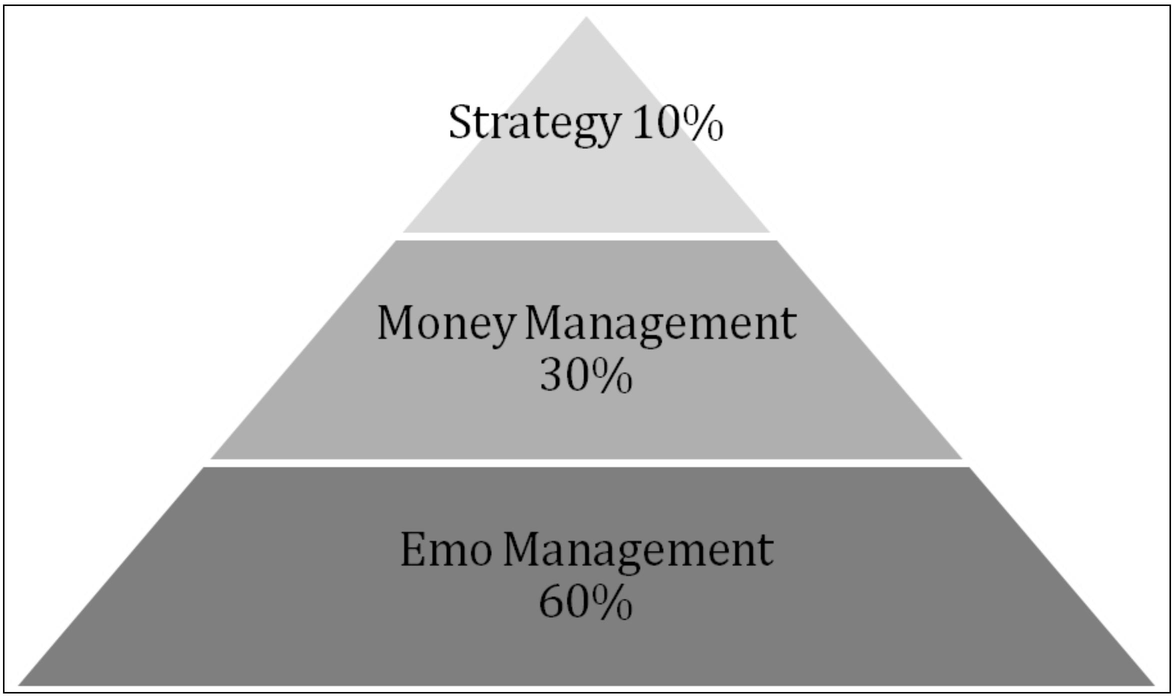
- 30% of your time should be focused on money management, and
- the final 10% of your time focused on your strategy.

Again, this is common sense. But I see too many traders behaving with their priorities in reverse. Too many traders are focused on strategies. Too few traders manage their emotions well. When one is not paying enough attention to how one is feeling, there is a tendency to trade with emotions.

Managing emotions is not easy. When you have lost half of your original principal, you may not feel as confident as you did before. You start to feel angry or fearful. You want to recover your principal, so you may panic, or feel desperate. When you have made a large profit from a trade, you might feel a false sense of accomplishment. You might think you are on a "winning streak". This could cloud your judgment in your future trades. This could cause you to steer away from your strategy and trade based on your false sense of accomplishment. You cannot avoid how you feel. Any form of investment that involves your hard-earned money would be emotionally-charged. No one can effectively remove, ignore, or even dismiss the human element from Forex trading. The better way would be to recognize the perils of emo-trading, and learning how to manage one's emotions.

60-30-10

This is our formula for long-term profitability in Forex trading:



Many of us know we need to manage our emotions. But many of us do not know how to recognize when we are trading with our emotions and not with our strategies. I believe that the key to profitable Forex trading lies in sound emo-management. I want to help Forex traders recognize how and when we trade with our emotions and not with our strategies.

Emo-management is a long-term challenge all traders face, no matter how experienced or profitable a trader might be. But managing emotions is easier said than done. It does not matter whether you are new or experienced. It is a daily struggle for all traders. This is why I wanted to write a book that focuses on managing emotions when we trade. This is why this book places a heavy emphasis on emo-management. I shall say no more here – the next section of this book, Section 2, discusses emotional management in detail.

The next guiding principle that is important for Forex traders is that of sound money management – in our 60-30-10 formula above, 30% of your time should focus on money management. To me, there is a close relationship between money management and greed. Again, I shall say no more here – turn to Section 3 of this book for details.

Finally, 10% of your time should focus on following a system or strategy. I believe that there are reliable systems that one can use to trade safely in Forex. I have found and developed a safe and reliable way to trade in Forex. This is how I made my fortune from Forex trading. But with so many systems claiming to be the best, how do you choose one that suits you best? I share my insights in the Strategy section (Section 4) of this book.

I truly believe that when one who learns how to trade safely in Forex, one can consistently profit from it for a very long time. But nothing in life is plain-sailing. We will meet bumps and obstacles along the way. Trust me, it will happen. We might fall prey to our emotions. We might make mistakes along the way. We might lose confidence. We might give up Forex trading. I am not a perfect person. I have made choices in my life that affected the people around me (and not in a good way). But the single most important lesson I have learnt is, after I have fallen, what matters more is that I get up again to learn from my mistakes. That is the measure of true courage and strength to me.

This is another reason why I was inspired to write this book. If you are an active trader who is in need of a shot of confidence after making some trading mistakes, this book is for you. I hope this book provides you with renewed hope in yourself and in your trading system.

If you are lost and need help steering back in the right direction, turn to the ten "Jimmisms" (my Forex guiding principles) listed in the final chapter of this book. I hope you will feel encouraged enough to try again. When the going gets tough, and you are thinking of quitting Forex trading, I hope this book can serve as a "backup battery" to you - something you can fall back on, time and time again.

The path to wealth and abundance is never easy. It can get lonely. But if you trade in Forex using JF Lennon's system, let this book serve as a reminder that you will never be totally alone. This is because at JF Lennon, there is a community of "60-30-10" traders you can turn to for support.

SECTION 2: EMO MANAGEMENT

TRADING WITHOUT EMOTION

Let's get something straight. It is futile to personify the Forex market as your friend. The market doesn't care about your feelings. And because it doesn't care about you, neither should you get emotionally involved with the market. The market will never respond to how you are feeling when you trade.

To a good Forex trader, the words "trade" and "emotion" are like oil and water. They do not, and will not, mix. A good Forex trader is one who separates his or her feelings from his or her Forex trading activities. He or she trades without emotion. He or she is in control – control of the trading situation, and more importantly, control of his or her feelings. The litmus test of whether a trader trades without emotion is this: he or she can choose not to trade at any given time and day. He or she can choose to walk away without trading. There are many parallels I draw between Sun Tzu's wisdom and Forex trading. The quotation that reflects this principle is one of my favourites:

'He who knows when he can fight and when he cannot, will be victorious.' – Sun Tzu

Before we learn how to manage our emotions, let's first identify some emotions that typically cloud our judgment when we trade:

Greed

When we are making money, we can become greedy. It is our greed that drives us to trade in larger lots, to trade more frequently, and to hold on longer to our gains ("waiting for the last pip" syndrome). It is also greed that causes us to get taken in by false promises.

Fear

When we are losing money, we can become fearful. We can panic-sell when we are fearful. We can also become paralysed until we do nothing because of our extreme fear to lose, even in the face of profitable opportunities. Out of fear, we give up opportunities to profit from Forex.

Panic

When we choose to exit a trade at a loss due to something else other than our system (e.g. something we learned from the news, from coffee-shop talk, or from the internet), we are panicking.

Desperation

When we treat Forex trading like a gamble, we become addicted to random gains. It becomes hard for us to stop. When we are desperate, we are more likely to allow ourselves to be taken in by false promises.

Anger

When we cannot let go, it is our anger that causes us to hold on longer to losses. It is also our anger that causes us to blame others for our mistakes. When we are angry, proving that we are right becomes more important than making profits.

Impatience

When we are impatient for results, we find it hard to just watch the market without taking action. We are impatient when we want to close a trade the moment it turns profitable.

These are the typical emotions traders experience. In the following chapters, I want to show you how these emotions can cause us to act in certain ways, resulting in certain outcomes that hinder us from growing our wealth.

I am not an expert when it comes to emotions, but I do know this: we own our emotions. Our emotions should not dictate the trading choices we make. The first step in trading without emotion is to recognise what makes you feel emotional. Some traders react strongly when they lose. Others react strongly when they win. To each his or her own. To help you identify your emotions while trading, keep a trade journal and record your feelings, alongside your performance. Learn to manage your emotions so that they do not cloud your Forex trading decisions.

The goal of emo management is to trade without emotion. In the next few chapters, we will see how emotions can affect our ability to create the wealth we deserve.

Analysis Paralysis is your Foe

A number of my well-educated, super-smart students suffer from analysis paralysis. They are the ones who ask a lot of questions in class. They are constantly seeking new information. They work very hard. They follow the news religiously.

They read one report after another. They research the internet, buy a lot of trading books, and spend a lot of time reading and comparing strategies. But they seldom act on the information they have.

When they do make trades in Forex, they do not trust their system. Instead, they are preoccupied in finding the "perfect" moment to buy or sell.

Do not know what to do, so do nothing

Some people believe that if they can analyse the on-goings of the financial world today, they would be able to increase their Forex trading profits significantly. Not everyone is cut out to do this. It takes time and effort to develop a strategy in Forex. If you have already tried to form your own strategy, you would know that it is not as easy as it appears to be. Developing a strategy consists of researching the market trends, forming hypotheses, and testing and refining the hypotheses. Some feel overwhelmed and confused when they are trying to do so.

This is so because they realized that the more they learn, the less they know. It becomes too much for them. They start to lose hope. They become confused, and do not know what to do next, so they end up doing nothing. They give up on the opportunity to profit from Forex. The irony is they give up not because they do not know what Forex is, but because they do not know what to do. Don't you think that this is a great pity?

I'm not against being well-educated or knowledgeable. **I'm against being well-read and well-learned, but not doing anything constructive with the knowledge gained.** When you analyse until you are paralysed, you end up nowhere. Thinking without taking any action simply means you will remain where you started.

There is an easier way. A trader who relies on a tried and tested system offered by reputable schools or institutions can profit from Forex without having to spend precious hours analysing. This is what it means to invest in a solid Forex education that teaches you the skills to trade profitably in Forex. In addition, a trader who faithfully follows a tried and tested system can consistently profit from Forex for as long as he or she wants. This is what it means to invest in a solid Forex school that keeps their students updated about adjustments to their trading systems in accordance to market evolvement. (There is more on choosing a Forex school in Section 4.)

To me, Forex trading should be easy and fun. You just need to follow my system faithfully in order to profit from Forex consistently. The day Forex trading no longer becomes fun for you is the day **you should stop**.

For me, I am still having a lot of fun trading in Forex and at the same time, I enjoy sharing with others what I know about how to build up their wealth. I am not stopping anytime soon. How about you?

FEAR OF GETTING CHEATED

Some traders fear getting cheated, so they fall into another type of analysis paralysis. Sometimes, they might have had previous bad experiences in Forex trading. They might have spent thousands of dollars enrolling in a school, only to find out later that there are "hidden" fees - other expenses such as paying for system updates, or paying to use the "full" or "advanced" system to trade. (Yes, this happens).

They might have spent hundreds on Forex books and online strategies, only to feel short-changed as their Forex trading accounts are still unprofitable. (We already know this happens since on average, 3 in every 4 Forex accounts lose money). They feel they have been scammed. They act like victims – they become suspicious of any other Forex school or strategy. Their defence mechanism kicks in. They arm themselves with knowledge and analyses so that they won't get "cheated" again. But because of their bad experiences, they fear trying again, so they do nothing. This is another form of paralysis.

I liken this to having a failed relationship. One failed relationship does not mean that your life is over, or that you are unable to handle relationships or that everyone in the world is out to get you. Your Forex trades do not define who you are. But it does make it harder to try again. But how will you know what could possibly happen, unless you try again?

How can you prevent yourself from getting cheated? Well, you can't. Not absolutely. But you can certainly avoid the common scams that appeal to your sense of greed, pride or desperation. Just like the gold rush of the past, there will be good opportunities as well as bogus ones. So be careful. Stop being gullible. Question empty promises. Be wary of misleading advertisements. For example, an advertisement that reads "Buy one for the price of two and get one free" – ask yourself if you are really getting anything for free. Do yourself a favor and think about what I have just said.

No matter how disappointed or apprehensive you may be, you still have a choice. You can choose to try again. Try and try again. There are good Forex schools out there you can learn from. We can learn from our mistakes to become better and more profitable Forex traders.

FEAR OF LOSING

When we first start out, we all hope to profit from Forex. But there is no such thing as a 100% profitable trading strategy in Forex. Sometimes, we win, but sometimes, we will lose. That is when we start to distrust the system we have invested in. So much so that when the system identifies profitable opportunities, we do not take action. We fear losing again. And then, when we discover later on that we would have profited from the trade, we lament and regret our decision. We start to doubt if Forex trading is for us. We lose confidence. When our fear of losing overcomes us, we quit. We give up on the opportunity to profit from Forex. Is this what you want?

When you find yourself trying to find a lot of information, or feeling indecisive, or blaming someone or something else, or doing nothing... recognize these feelings as symptoms of analysis paralysis – take steps to overcome it, lest it overcomes you.

BE ON SNIPER MODE; NOT SEMI-AUTOMATIC MODE

I find many similarities between a Forex trader and that of a soldier going into a battlefield. Let's assume that in the enemy territory, there are pots of gold. But to get to the gold, the soldiers must first get past the border, which is heavily guarded. Question: what is the main objective of the soldier? The gold? No! The main objective of the solider is to survive. Getting the gold is a plus. What's the use of having gold if you don't have your life?

But greed can make someone lose focus. Greed can cause someone to become blind to what is important. These soldiers risk their lives every day to protect their territory. But the stupid (and greedy) ones think they are risking their lives every day to get the gold in their enemy's territory. They are the ones who spend a lot of resources, charging with semi-automatic guns, shooting anywhere and everywhere. No game plan, no logic, no focus. When they finally get past their enemies' defenses, they feel that they deserve to be rewarded with the gold. As they try to get more gold, they become easy targets as they spend unnecessary time in the enemy's territory.

LIVE TO TRADE ANOTHER DAY

I see the same scenario happening in Forex trading. I come across stupid traders who are lured by the opportunity to increase their capital quickly. So they trade as if they are on semi-automatic mode: anywhere and everywhere, without following any logic. No game plan, no logic, no focus. They apply the investment principles of allocation and diversification to the extreme. They hold many positions. They overtrade. When one trades like there's no tomorrow, it is easy to feel tired and worn out. Their emotions are on a constant roller-coaster ride: euphoria one minute, devastation the next minute. Do you think you can take this kind of pressure day after day? This is why some people quit Forex trading after a while, even if they were profitable. In the long run, the emotional stress is simply too much to bear.

Perhaps this is one way to trade in Forex. But this is not the way I would encourage you to trade. It is not a sustainable way to trade. It is definitely not the way I trade. Instead, my Forex trading mantra is "live to trade another day". I prefer to trade like a sniper. Smart traders are similar to snipers.

Snipers are trained to observe the situation carefully to find opportunities. They are trained to stay alert. When the opportunity arises, they act swiftly and accurately. One shot. One goal. Attack once, focus on getting just that one pile of gold you had your eye on, and move out to live another day.

Smart Forex traders watch the market faithfully and diligently. They know when they can act and when they cannot and should not. They trade such that they live to trade another day.

The Forex market is a zero-sum game. For someone to gain, another has to lose. Stupid traders who trade on semi-automatic mode are just maximizing their chances of destroying their capital. Smart traders, on the other hand, create a positive trading cycle to maximize their chances to profit from Forex. As they master their trading skills, they become more confident about trading another day. And when they do trade again another day, they repeat the steps they had taken before, thus increasing their chances to profit from their Forex trades once more. This is how they create a positive trading cycle for themselves.

I know of someone who consistently won at blackjack every day for a year. He never lost money simply because he applied a logic based on his observations and his analysis of the game. Like a sniper, he would observe the game before deciding if he would join in as well. And every time he gained $500, he quit the game for the day. This minimized his chances of destroying his own capital, and he had walked away a richer (and a wiser) man, who was able to control his emotions better.

When you find yourself feeling very tired after a day of Forex trading, take a deep breath, step away from your trading activity, and ask yourself: are you on semi-auto mode or sniper mode?

TIMING ISN'T EVERYTHING

Many stupid traders have this notion that in order to make money from Forex, timing is everything. Must buy now! Must sell now! It does not help when there are plenty of strategies that sell ideas on how to improve leverage, or how to increase margin target, perpetuating the assumption that timing is everything in Forex trading.

Timing isn't everything. Remember the principle of 60-30-10? 10% of your attention should be focused on your strategy. 60% of your attention should be focused on managing your emotions. If you are constantly asking yourself, 'Is this the right time to buy? Is this the right time to sell?', then your priorities are wrong – you are focused on your strategy not your emotions. This is what I mean about getting priorities in reverse.

The beauty of Forex is that even if you missed the opportunity to make money in this hour or day, you will still have MANY opportunities to make money again in another hour or another day. There's over $4 trillion dollars transacted daily. That figure alone has twelve zeros: $4,000,000,000,000. Don't you think there will always be opportunities for you in the Forex market?

Success is measured by how long you can stay in the Forex game, not by how much you have made in a day.

I am going to repeat this once more: I said success is measured by how long you can stay in the game, not how much you can make. It takes time to build up your wealth of abundance.

The longer you stay in the Forex game, the better you become at managing your emotions. Over time, your trading skills will also improve. You will become better at reading charts, opening up more opportunities for you to make profitable trades in Forex.

As long as you have a good strategy in place, you will soon realize timing isn't everything. Let's take a closer look at some time-related assumptions stupid traders make.

REALISTIC TIMEFRAME

Many are lured to Forex trading because it is theoretically possible to get rich overnight from it. Stupid traders, listen up. This is exactly the same as saying it is theoretically possible to win the lottery as long as you buy a ticket. I'm sure you know what your chances of becoming rich overnight from winning the lottery. The same probability applies when you harbor the same about getting rich overnight in Forex trading.

Rome was not built overnight. Fortunes are not built overnight. Even for myself, I took some time to make my first million from Forex trading. But there is one main difference between Forex and winning the lottery. You can consistently profit from Forex by relying on a reliable system to build your wealth. But you need to give your system time. If you want to stay in this Forex game, set a realistic timeframe. This minimizes your chances of trading while you are feeling desperate or impatient.

Warren Buffet, one of the most successful investors of our time, is known for taking a long-term view on his investments. That is how he minimizes his risks. Similarly, setting a longer, more realistic framework to profit consistently from Forex trading can ultimately create the wealth you want.

HOLDING ON FOR TOO LONG

Even with the best of strategies, the best traders can still make mistakes. But the difference between the best and the stupid traders is that, stupid traders belong to the category that refuses to accept that there has been a mistake. The best ones realise they have made a mistake, and they take action.

The stupid traders are the ones who continue to hold on to the trade, hoping that by waiting for the market to turn in their favour, they can recover their losses. It becomes more important to prove that they are right, rather than to be profitable. Does this make any sense to you?

Then there are traders who are even more stupid than those who hold on to their losses. They are the ones who hold on to their gains. They don't have an exit point. Or if they do, they don't come out when they are supposed to – they get greedy.

They can see that they have a small gain to be made from a particular trade, say 100 pips. But they are not satisfied. They want to hold on longer in order to gain bigger. Sometimes, they just want to hold on until the number looks 'nice' – hold on until the next 1,000. Meanwhile, they worry. They worry about losing their capital. They lose sleep. Then they panic when they see the market turning against them. And when they can no longer bear to see their gains turn into losses, they panic-sell because they want to cut their losses.

They are no longer trading with their systems. They are trading with their emotions. Emo-trading!

WORK WITH A SYSTEM, NOT A ROUTINE

To profit consistently from Forex means to work within a system, and not a routine. Some traders confuse themselves between a routine and a system. A routine is something that you do based on time. For example, every morning at 8am, I read the market reports.

A system is a series of actions based on a particular logic or reasoning. The actions are deliberate to achieve a certain outcome. A system can have a routine, but the actions are not based on time.

A routine is...	A system is...
Something you do based on time	Series of actions based on a particular logic or reasoning

Some stupid traders think that if they routinely trade at the same time every day, or trade at a specific time of a month or year, they can gain larger profits. This might apply to buying stocks in the share market that operate with an annual reporting calendar in mind. But the same logic does not apply in Forex! There is no calendar that regulates the Forex market. It doesn't matter what kind of the year it is, or what stage of business cycle we are in, or what market condition we are in. It really does not matter. There will always be opportunities to trade. This is the unmatched potential the Forex market offers. This is why it is better to work with a system to help us make sense of Forex.

Some traders, when they lose, "theorize" their losses to justify their losses. They assume that, by "studying" their profit and loss "trends", they are "learning" from their mistakes. This logic is seriously flawed! Just like it does not make sense to routinely trade in Forex, there is also no such thing as profit and loss "trends" or "cycles" in Forex.

The Forex market does not care if you were on a winning or losing streak. The Forex market does not remember you or your trades. It is futile to try and "theorize" your statistical probability of losses versus profitability. What you are doing is to justify your actions. What you should be doing is spending that additional energy on monitoring your emotions when you trade, and letting your system work its magic for you.

WATCH THE MARKET: 90%; TRADE: 10% OF THE TIME

Another co-relation about time and Forex trading is that some traders assume that they must actively trade all the time in order to be successful. Every second counts. Buy! Sell! Buy! Sell! It doesn't help when the media portrays trading as a frenzied activity of non-stop buying and selling. This is the reason why some traders quit trading in Forex, even if they have been profitable. They say they are exhausted and worn-out. Sure, I would be too. How long do you think you can withstand this frenzied pace?

I view Forex trading as a profit-making activity that I can participate in for the rest of my life. It is something enjoyable, and at the same time, it helps me grow my wealth. I do not trade every minute of the day – in fact, I trade in Forex on a part-time basis. Remember my story about being on sniper mode, not semi-automatic mode? If you are on sniper mode, you spend more time observing your environment, rather than acting on it. To borrow some wisdom from Sun Tzu:

> *'The general who wins the battle makes many calculations in his temple before the battle is fought. The general who loses makes just a few calculations beforehand.' – Sun Tzu*

In the same way, profitable traders actively spend their time watching the market. I would say this takes up almost 90% of their time spent on trading. The actual time taken when there are open trades is probably under 10% of their time. I will repeat myself just so that we are clear. Profitable traders **watch the market 90%** of the time;

and **actively trade only 10%** of the time. Say this again and again to yourself until this mindset becomes second nature to you.

To be a profitable trader, you need not trade like there is no tomorrow. But it does not mean you sit and do nothing. You still need to diligently watch the market. You still need to do your homework. Now, to sit and just watch the market requires a lot of discipline. A LOT of discipline. I can tell you from my personal experience that this is no easy feat!

Temptation is everywhere… It is not easy to just sit and watch the market without taking any action, especially when you are feeling bored, angry or nervous. This is why I say it requires a lot of discipline to watch the market 90% of the time, and trade only 10% of the time.

SETTING YOURSELF UP FOR FAILURE

Question: Why do traders fail?

Answer: Stupid traders set themselves up for failure.

This might sound ridiculous to you. Why would anyone set themselves up for failure? Well, let me show you how stupid traders set themselves up for failure.

When you say something like "Every day, I want to make 10k" (or whatever amount you think you want to earn), you are setting yourself up for failure. What happens if you don't make that 10k today? How would you feel? More importantly, how would this affect the way you trade after you realized you have not reached your target for the day?

Chances are, you will either

(a) lose confidence and do not want to trade anymore, or

(b) trade in larger lots the following day to "make-up" for your goals.

Conclusion: trading with unrealistic goals lead to emo-trading.

Conversely, if you tell yourself, "Every day, I have to make money – and the amount I make will be enough", you will feel very different about yourself and your Forex trades. Let's say you made just $1 today – how do you think you will feel? You will feel that you have met your goals. You have made enough for the day. You will feel confident and happy, and be willing to trade again another day.

This is what you want to feel.

This is how I want you to feel.

Remember, the measure of success in Forex trading is how long you can stay in the game. For each day that you trade, you want to be able to feel confident about trading in the Forex market again, another day.

Another way stupid traders set themselves up for failure is when they allow themselves to be taken in by empty promises. They get excited when they hear of promises like doubling one's wealth within 10 days. They trust strangers with large sums of their hard-earned money. When something goes wrong, they become angry. They play the blame game - blame everything on someone or something else – from bad luck to their spouses - but they seldom or never blame themselves.

What do you think is really going on here? Was it "faith" that caused a person to hand over one's life savings to a stranger? Or greed? How about stupidity?

No one can control the Forex market. So do you really think it is possible for anyone to make such guarantees? If it was so easy to double one's wealth, wouldn't there be far more millionaires in the world today than there is? Don't be fooled by empty promises!

THERE IS NO SUCH THING AS A ONE-SIZE-FITS-ALL STRATEGY

I am cautious of anyone who tells me that they have a one-size-fit-all Forex strategy that will work at all time, in all kinds of market conditions.

The market is constantly evolving. It was not the same three years ago, and it is not likely to be the same three years from now. If you did not know this about Forex, well, now you do. So think about it. Use your common sense. How can there be a single, timeless strategy that works forever? There is no such thing as a one-size-fits-all strategy. If JF Lennon were run this way, wouldn't it be easy for me! We could just sell one system over the next 20 years, no need to revise the system, no need to hire full-time research staff to carry out continual hypothesis and testing…

So here's some advice: if you are looking to invest money in a long-term Forex trading system, check to see if the system evolves with the market. If you are going to do something for a long time, shouldn't the system you invest in hold the same long-term view as you?

We are all born different, and we live different, individual lives. What worked for someone else may not always work for you. We all have our preferences and strengths. So your trading strategy would also need to fit your trading needs. Just like when two people refer to the same recipe to cook *nasi lemak*, both *nasi lemaks* can turn out to taste very differently. So what kind of questions do you need to ask when selecting a strategy? Here's some food for thought:

- How many hours do you have at a stretch to watch the market?
- How much time can you set aside for your trading activity per week or per month?
- What kind of position do you like to take?
- What is your profit/loss ratio?

Before you buy that $29.99 online strategy, ask yourself: will the $29.99 strategy take into account your unique trading needs? Are your trading needs met? If your answer is yes, then go for it. But don't go crying foul later when you realize what you had purchased isn't working for you.

You have been forewarned.

IF YOU FAIL TO PLAN, YOU ARE PLANNING TO FAIL

Some traders are not only stupid, they are also lazy. Some don't bother to learn about the Forex market. They jump right in, lured by persuasive advertisements or promises of quick money, or stories of someone striking it rich. No plan, no strategy. Just do it.

A plan helps you decide what to do (or what not to do) in a variety of what-if situations. It helps you keep within your money management principles and trading objectives. It helps you keep in control of your emotions, even when you start to panic or feel fearful, angry or greedy. So if you fail to plan, you are planning to fail.

Part of your plan should be to monitor your profitability. When it comes to monitoring your profitability, it is unbelievable how some traders do not have a system to monitor their profitability. For some sore losers, they lament, grumble, and whine instead of constructively discussing or reflecting on what went wrong with their trades. This is your hard-earned money you are talking about! Don’t you want to know how you have been performing? Don’t you think you owe it to yourself to be accountable about how your hard-earned money is working for you?

Then there are others who monitor their profitability, but they do so reluctantly or inconsistently. As long as they continue to profit from their trades, their monitoring system goes out of the window. They ride on a false sense of achievement – after all, they are making money – that is all that matters! Only when they have lost too many trades in a row do they start studying their performance. By then, it is usually too late.

All traders, even the successful ones, need to keep proper records of all trading activities. A trade journal is a record of what you have done, and your reflections on your trading decisions. You need proper records for tax purposes. You also need proper records to monitor and review your performance. Keeping a trade journal helps you monitor your own growth and strengths. This is how you can learn to manage your emotions better. The more you keep track of your emo trading tendencies, the better you become at identifying what causes them, and learning how to manage them.

Where you are today, is the result of what you did sometime ago. Where you want to be in the future is dependent upon what you are doing today. If you are planning to profit from Forex, what are you doing to set yourself up for profitability today?

FOLLOW THE PLAN, NOT THE NEWS

We do not trade in a vacuum. While we trade, many things are happening around us. Every day, we face "outside influences" that can tempt us from sticking to our system. A major "outside influence" we face as traders is that of the news.

In Forex trading, the news can be a double-edged sword. You might have heard something bullish over the news, but the news may turn out bearish for the Forex market. Occasionally, experts are quoted in the media about market trends. What you are hearing is basically what someone hopes might happen, based on their observations or analyses.

Still, some traders take such observations or analyses seriously – too seriously. They make Forex trading decisions based on what they believe would happen, or what some expert say would happen (or rather, hope to happen). Former Fed chairman, Alan Greenspan, described this phenomenon as "irrational exuberance". For example, when the US Central Bank makes an announcement to print more USD notes, some Forex traders immediately speculate how this will affect the value of the USD against other currencies. When will be a good time to buy more USD? When will be a good time to sell my USD? When you find yourself asking such questions, know that you are following the news and not your system (or plan). This is a sure danger sign of emo-trading!

It is a good thing to take an interest to learn more about the environment Forex activities occur in. But learning more about the environment, and basing trading decisions on them, are two unrelated activities. Some experts have spoken up to warn traders about using the news to make decisions in Forex trading. There is simply no consensus. What someone views as bullish, another person may view as bearish.

Yet many news-hounding Forex traders choose not to heed the advice of experts. They rather base their trading decisions on the news than on their Forex systems that they had invested their money and effort in.

NO CONTROL OF FOREX MARKET

I am going to elaborate on what it means when I highlight the fact that the Forex market has a daily transaction value of $4 trillion. What it means is that the Forex market is too large to be cornered by any individual.

The news does not have much control over the Forex market. The Forex market is based on the willingness of players – like you and me – who take chances in different currency pairs at any given point in time. No one can impose their will on the Forex market.

No one person can directly influence the direction of the market. You have no control over what goes on in the market. This is a reality you must learn to accept if you want to trade in Forex. If you want to profit from Forex in the long run, stick to your system, not the news.

Besides, whatever happened in the past, happened in the past. Reported news is old news. To quote from Warren Buffett, 'the investor of today does not profit from yesterday's growth.' So even if you carry out extensive historical comparisons of currency pair performances, it does not mean this is indicative of the direction it would take in the future.

CHANGING PLANS ACCORDING TO THE NEWS

It is one thing to chase the news. It is another thing to chase the news with the intention of changing plans. I use the word "news" loosely in this context to mean "news" as reported in the media to "news" that is overheard in coffee-shop talk. For example, today, I earned $500 on one combination. Then I found out that another Forex trader who used a different combination earned $700. So I get excited. I switch plans. Instead of watching the market, I watch what other traders are doing. I chase the news. I change my plan according to what I hope will happen to me. You may ask, what's wrong with this approach to Forex trading?

If you are on a diet to lose weight, but you occasionally binge on chocolate and other calorie-rich snacks, how can you tell if the diet is really effective? Similarly, if you trade with your system on some days, and trade based on the news on other days, how can you tell if your trading system is relevant to your Forex trading needs in the long run?

If you want to be profitable in Forex, you need to choose ONE system, stick with that same system faithfully for some time. It's like growing a plant. You want to grow a plant, but you keep adding new seeds once every few days. Do you really think you are "speeding" up the growth of the plant? Not at all! In fact, you are causing the seeds to compete for that limited amount of soil and water. If you want to grow a plant, you must choose one type of seed, plant it in the soil, feed it with water and sunlight, and let it have time to grow and blossom.

I tell my students; Forex trading must be fun, easy and stress-free. Anyone who is not having fun should not be trading in Forex. They need to stop, identify the cause(s) of their unhappiness, and manage those emotions first.

INVEST, NOT BET

We all know that investing is not the same as gambling. When we gamble, and we win, it is called a windfall. Even the taxman recognises this as something extraordinary – perhaps this is why we don't pay taxes on windfalls! Many traders treat Forex trading like a gamble. They are lured into Forex because they want to strike it rich quickly. They have dreams of turning $100 into $10,000 quickly. They depend more on lady luck, rather than skill, to profit from Forex.

Forex trading is not a game of chance to me. You don't need lady luck to profit from Forex. You need skill. I do not treat my Forex trades as gambles. I am against gambling-like tendencies. I would strongly caution anyone who wants to profit consistently from Forex from treating their Forex activities as gambles. There is no such thing as a successful speculator. I have met some really stupid traders who don't recognize that they are betting! They believe that to trade in Forex is to gamble.

When it comes to investing versus betting, the distinction is very simple. As long as you steer away from your Forex system, you are gambling. If you are not investing, you are gambling. There is no "in-between". **Gambling is an action** – just trade day by day. When you follow your system, you are investing**. Investment is a reaction** – a reaction based on your system. Let's take a closer look to see how dangerous a gambling mentality can be for a Forex trader.

WINNING IS A HABIT… SO IS LOSING

A Forex gambling mentality can be very insidious. It usually begins quite innocently. When you first start out, you trade cautiously. For your first 5 trades, you risk 10 pips each, and make 10 pips from each successful trade. Your profit is up by 50 pips. Statistically, you have profited

5 times out of 5 trades. You feel confident – you are on a "winning streak"! You take out your calculator. At this rate, you will hit your target within 6 months!

You get carried away. You become greedy. You set higher expectations. You think, since you were successful in smaller lots, you are keen to stretch that "winning streak". So you become bolder. You put down all your profits – the 50 pips previously gained - on one trade. But the trade fails, and you lose the 50 pips – your profits are wiped out with a single trade. Your first loss. You wonder - why? You were doing so well! Still, statistically, your winning streak is strong: profiting 5 out of 6 trades are still good odds in your favour. Maybe that was just bad luck. So you try again.

But now, you are impatient. You want to "quickly gain" back the 50 pips lost. So you pump in more money to trade 50 pips on another trade. This time it feels different, you tell yourself. But this trade fails too – and now your profit is down to -50 pips. You cannot believe it. Your profit was up 50 pips just now! Just one more time. My luck will change. Just one more trade. So you trade again, another 50 pips on one trade. This trade fails too and now your profit/loss is now down to -100 pips. You tell yourself; it's just -100 pips. A minor setback. You keep recalling your previous gains. You believe you can easily "gain" it all back because you were once profitable 5 times in a row! You were winning then! Your luck will change. You will be rewarded again. You just have to keep on trying.

By now, you have become much bolder – you trade in bigger lots. You trade more frequently. Your "strategy" seems to be "paying" off – you might win one or two trades. See? You tell yourself. Your "strategy" works. After a while, proving that your "strategy" works becomes more important than profiting. You do not notice that you have lost more trades than you have won. There is no consistency in your profit-taking.

Your losses accumulate. It becomes hard for you to admit defeat. By now, you are bent on "earning back" your "winnings", no matter what it takes. It is this "no matter what it takes" type of desperate mentality that drives traders to try, and try again, day after day, trading in desperation. This is how something that starts out quite innocently turns into a monster.

I know exactly what it means to trade with a gambling mentality. Take this advice from someone who has been there. Trading with a gambling mentality will ruin you. It is simply a matter of time. I do not think it is a coincidence that the heavy losers in Forex are usually the ones with strong gambling mentalities.

SPECULATION IS GAMBLING

Another form of Forex betting that is less obvious is derived from making speculations based on mental engravement. A mental engravement is an impression or thinking based on previous experiences. What is dangerous about these speculations is that they can be based on intelligent and logical observations about the financial world. This makes it harder for traders to recognize observations as speculations (and hence trading with something else other than the system). For example, when a country's currency is high, it affects the growth of the country's economy in the long run. Most of us know, from observing historical events, that most countries do not want their currency to become too strong in comparison to their trading partners.

This would make their export goods costly. So when a country's currency becomes too high, many governments take steps to intervene. A lot of Forex traders have this observation engraved into their Forex trading logic. Is this a logical observation? Yes. But if this observation leads you to speculate in Forex trading, then it is still a form of gambling.

Wait - how can you tell if you are speculating? Let's use the same context in the previous paragraph about a government's intervention when a country's currency is high. You are speculating when you start to ask questions like ‘when will intervention take place? How intense will the intervention be? Do you think the government will make an announcement today?’

Speculating is a form of gambling. There are Forex traders who are hooked on speculating what will happen next in the Forex market. This is because in their minds, they know they have made logical observations. So they become bent on proving that they are right. When they lose money, they throw in more because they want to prove that they are right, not because they want to make profitable trades.

Who is the ultimate winner in such situations?

Forex Trading as an Investment Tool

Usually, Forex traders who trade with gambling mentalities do not recognise the value of investing in a good Forex education to learn how to trade consistently with a system. Instead, they focus on finding ways to "improve their luck". If you treat Forex trading as an investment tool to help you earn passive income, chances are, you are more likely to invest in a good Forex education. You are also more likely to manage your Forex activities as you would for any other investment.

For example, as with any modern investment portfolio, you would apply two fundamental principles: diversification (splitting up) and allocation (spreading out). If you treat your Forex trades as investments, you would focus more on allocation: spreading out in smaller lots (sizes). Trading in small lots requires discipline. Some traders assume that they are disciplined when in reality, they are not. It is very tempting to "experiment" or "explore" different currency combinations when trading lots are small. Stick to your plan.

Your Forex trading should ultimately lead to you being a happier, healthier, and wealthier person. If Forex trading is causing you to feel like you are swinging between extreme feelings of helplessness and euphoria, chances are, you are betting, not investing.

SECTION 3: MONEY MANAGEMENT

MONEY MANAGEMENT & GREED

MONEY MANAGEMENT IS GREED. GREED IS MONEY MANAGEMENT.

Imagine you have a coin. On one side of the coin is the monetary value of the coin. It tells you the value of the coin. On the other side of the coin, there is a symbol of where the coin is minted, and by which authority. Whichever side of the coin you look at, it is still a coin.

The same goes for money management and greed. Money management is greed. Greed is money management. Money management and greed share the same objective i.e. to help you grow your wealth. But the approach to the same objective is different.

Money management is the opposite of greed. If you are greedy, you will never be able to master money management. You would go for bigger lots. You would want to trade more frequently. The more risks you take, the less you would be able to manage your money. If you manage your money well, there's no greed. You would base your decisions on a strategy. You are trading without emotion. Tell me – which approach will help you grow your investment nest in the long run – money management or greed?

If you flip a coin, a coin is most likely to fall one way or the other. It is the same with money management and greed. You can't adopt both approaches at the same time – you are either greedy, or managing your money well. Money management is the "technical side" of the coin – greed is the "emotional side" of the coin. You can learn how to manage money. It is a skill. Although greed is emotion, you can still learn how to control your greed. That is another skill. When you can control your greed, you can execute money management well.

So how can I control greed? To be fair, greed is a vast word that this book will not be able to explain fully. For me, I apply three principles to help curb my greed:

(1) Be satisfied with what I have gained.

(2) Be contented with what I have.

(3) Give thanks for what I have.

Even though money management is "technical", meaning, something that can be learned, when you think about it, it is actually a very emotionally-charged term. You don't need someone to teach you how to control your emotions. You own your emotions! Nobody else does.

You owe it to yourself to keep your emotions in check. At the end of the day, it's not about whether you can or cannot. But whether you want to, or don't want to. Managing emotions is not rocket science. If you really want to do it, you will succeed. This is what self-actualization is all about – discovering what you really want to do.

Hold on... are we still on the same page? Isn't the topic on money management? If you have read this far, you are probably still wondering how this relates back to money management.

You know what? Handling your greed IS the crux in money management. This is what I want you to remember.

TRADING WITH MONEY RESPONSIBLY

Another aspect of money management has to do with responsibility. There is only one rule to remember:

Rule #1: Work out exactly how much money you have to trade before you start.

Simply put, this is money you can afford to lose. In the Introductory Chapter of this book, I highlighted the risks of Forex trading. Three in every four trading accounts lose money. If you want to make $1,000 on one trade, know that you can also lose that $1,000. Use your worst case scenario and work backwards to figure out how much you have to trade with. Be absolutely honest with yourself. You want to be able to say with confidence, "I know that not every one of my trade will be profitable, but my financial situation will not be affected one single bit."

How do you work out exactly how much money you have to spare? As Sun Tzu says,

'*Know thyself*'.

Do you know what your risk appetite is? Can you put a number to it? Have you set aside enough money for other necessities? Money for house mortgage? Parents' medical bills? Children's education? No one likes to lose money. But at least you know no one will starve or be in debt, or have your possessions taken away just because you lost money on your Forex trades.

I ask these obvious questions because I still see many traders who are lured to "try their luck" in Forex with money that is meant for something else. I am warning you: **NEVER trade with money you cannot afford to lose.** NEVER borrow money to trade in Forex. This is irresponsible trading. Remember, I said that Forex trading is supposed to be fun, easy, and stress-free. Will you feel stress-free, knowing that the money you want to use to trade in Forex is actually meant to pay bills or service your house mortgage?

Another aspect of responsible trading is to trade in small lots. When in doubt, start small. I draw inspiration from Warren Buffett:

'I do not look to jump over 7-foot bars: I look around for 1-foot bars that I can step over.'

Remember you can start trading with as little as USD$250. Start small. Earn the right to trade in larger lots, only after you have proven to yourself that you can trade responsibly in smaller lots. This is being responsible. The size of the position you want to take must be relative to the size of your trading account.

At the end of the day, it is not how much you put in, but how much you gain. You can win big; you can also lose big. Who is the real winner here: one who consistently earned $50 everyday for 30 days, or one who earned $2,000 from trades but had pumped in $5,000 in the first place?

Trading with responsible money requires you to be mentally and emotionally fit. Are you prepared mentally and emotionally?

SECTION 4: STRATEGY

GOOD STRATEGY + GOOD BROKER = GOOD MONEY

If you are interested to trade in Forex, there are two basic things you need to do:

Step 1: Learn a good strategy on how to trade

Step 2: Select a good broker

The best way to learn a good strategy is to enrol in a good school that teaches you how to trade safely and how to profit consistently in Forex. At JF Lennon, a good trading strategy is defined as one that gives positive expected value in one's return, after a meaningful number of trades over a time period.

I recommend enrolling in a good school not because I run a Forex institute, but because I've seen too many newcomers fall prey to unscrupulous Forex systems that perpetuate on the internet. Then there are those who struggle through tons of books to self-teach themselves.

Most times, these newcomers end up confused, and disillusioned. They do not know what to do, so they end up doing nothing about this opportunity to profit from Forex.

Sometimes, you have to invest in something to get a return. Getting an education in Forex is one of those things I believe in investing in, the returns are many times over.

So a better way to start trading in Forex is to enroll in a good school, learn how to trade using the school's system, and ride on the school's Forex trading system to trade. I say "good" school because not all Forex trading schools are created equally.

Take this as fair warning. When choosing a good school, what you are really looking for is a suitable habitat in which to invest your time and hard-earned money with. How do you choose a suitable school?

Think about:

(1) The school's trading system.

The trading system of a Forex school is similar to what a school's syllabus is to an academic school. This is what you are essentially paying for. No one is expected to understand all the technical details about how a school designed its system. Most systems have a sophisticated logic behind it. Instead, you might want to ask these two questions:

(a) Who designed the system?

Be careful about schools that are unable or unwilling to provide basic background information about the person(s) who designed the system. Such information should not be treated as trade secrets. It is merely a way to test how authentic or genuine the school is, about its adopted trading system. Imagine this: you want to enroll your child in a private school. But the school is unable or unwilling to tell you anything about the school's syllabus. You don't even know if your child will sit for examinations. Would you still trust the school with your child?

(b) Does the system adopted by the school evolve over time?

We all know that nothing remains the same forever. The Forex market operates in a volatile and changing environment. This is why a static system or approach to Forex trading is not a long-term solution. A good school knows this. It will adopt a system that evolves, so that when there are changes in the market, the system evolves as well.

Another way to tell if the school has an evolving system is to ask if the school conducts on-going research, hypothesis and testing. Some schools even hire dedicated research staff to monitor the Forex market, so that the school's system can evolve in tandem with the market.

(2) Who conducts the training?

You have not invested money in a school and its system to learn how to re-create another system for yourself. Rather, you want to learn how to effectively use the system to trade. Having a good trainer can make a big difference.

Naturally, you want to learn from the best - i.e., those who have succeeded in making good money from Forex. So ask to see real-time results. A confident trainer who has made good money from Forex will not hesitate to demonstrate to you how he/she has fared with real-time results. Some schools even offer free previews or demonstrations by their trainers. It is a good idea to attend one or two of these previews as you get to meet the trainers in person before you sign up for anything.

I don't care much for trainers who sell their years of trading experience as their main selling point for their school. Every speaker will speak well of himself or herself. The main difficulty is that there is no real way to check how many years they have been trading! There is no licence, or registration, or certificate required to be a Forex trader. So even if the trader has years of trading experience, this does not automatically mean that the trader has been consistently profitable.

(3) Can you choose your own broker?

As an independent Forex trader, you can choose to open an account with any Forex broker. A reliable Forex broker is not a given. A good school will teach their students how to select a good broker.

I am going to share with you something that not many people in the Forex business want to admit to. The IB – Introductory Broker – business is big business in Forex. The IB business is mainly based on enrolling new broker accounts. It is also a fairly competitive business, and different brokers use different ways to attract traders to open up accounts with them. For example, there are schools that have pre-existing arrangements with brokers. Such schools tend to recommend their students to sign up with that particular broker, rather than teach their students how to select a good broker. In some cases, there could even be a conflict of interest: principals of schools concurrently hold positions as directors or owners of broker companies.

Just like there are different types of Forex schools, there are also different types of Forex brokers. Not all are the same. So even though you are just a student, remember that you have the right to choose your own broker.

(4) Is there a follow-up system for graduated students / alumni?

A good school is one that not only imparts you with knowledge and skills to help you trade in Forex, but is also interested to develop a long-term relationship with you. Having an alumni programme indicates the school's sincerity in reaching out to graduated students. At JF Lennon, we offer our students life-time follow-up on our strategies to support continuous learning and Forex trading among our alumni.

(5) Does the school have a proper campus to facilitate learning?

A school needs to have a proper place for learning. This usually means a campus with adequate facilities for its students. Certainly, no school needs to operate in a swanky address. But be careful of schools that do not invest in infrastructure and facilities that aid instruction and learning.

Have you seen in the news about schools that close down overnight, leaving students in the lurch? There are telltale signs to look out for. Schools that operate on a temporary basis usually do not (and cannot) indicate a permanent address as their place of registration and operation. They tend to operate out of a makeshift office, and/or the venues for classes could change frequently or at eleventh hour. Stay away from such schools.

(6) Is there adequate staff to support the student population?

There should be adequate staff to support the student population. Observe their trainer-student ratios and average class size. Can you imagine the attention you would get from the trainer in a school that claims to have 200 students, but only has one part-time trainer?

If it is important to you to receive quality service, check to see if there is enough administrative support to take care of day-to-day affairs, such as handling class schedules, attending to students' needs, organizing alumni events, and so on. It is hard to imagine how a school copes, if the principal of the school doubles up as the general manager and administrator of the school.

(7) School fees : compare apples with apples

There are some schools that entice students with low enrolment fees. And when the students start the course, they find out that there are other "fees" to be paid – fees for "refresher" courses, or fees for extra "tuition" to overcome "particular learning barriers", or fees to pay for updates to use the system after graduation, and so on. Then there are schools whose enrolment fees appear a lot higher. But they are all-inclusive fees. So when it comes to comparing school fees, make sure that you are comparing apples with apples.

(8) What are the graduates of the school saying about the school?

In my opinion, a good Forex school need not entice students with promises like making quick and easy money. Neither do they need to guarantee returns on investments for their students. Instead, the real-life testimonies given freely by satisfied students are the best "advertisements". Many "reputable" schools gain their good reputation by way of word of mouth from satisfied students who share their positive experiences of the school.

(9) The school's credibility. Is the school certified?

By certification, I mean certified by ISO or by some other professional organization (be it an educational or Forex watchdog organization). More than a piece of paper, a certification shows that the school's processes or policies have been scrutinized by an independent third party.

Nothing says more about the school's commitment to offering quality education in a professional manner than a certification. For example, if a school is ISO-certified, it means that the school's processes and practices such as quality of teachers / instructors, teaching / instructional materials, facilities to aid learning and management / organizational structure have been reviewed.

NURTURING YOUR FOREX TRADING ENVIRONMENT

If you want good fruit, the fruit must come from a good tree. For a tree to be good, it needs strong roots, and it needs good soil. In Forex trading, strong roots refer to your foundation: your system and your trading skills. Good soil refers to your emotions – specifically, how well you manage your emotions. But having strong roots and good soil does not guarantee good fruit. What it does is to nurture an environment to produce good fruit. Even good trees need time in order to produce good fruit. Only then can you reap plentiful fruit. Likewise, in Forex trading, you need to give your system time.

To grow your wealth over time, it helps to be within a community that promotes responsible trading and encourages you to improve your trading skills. This is another advantage of joining a good Forex school. Good Forex schools provide a nurturing environment as they create opportunities for like-minded traders to gather together to form a community of responsible traders. When like-minded traders come together to share their trading experiences and learn from one another, this adds a sense of purpose and support that can help you keep at your efforts to trade responsibly and profitably over a long time.

This is the kind of Forex trading environment you want to grow in.

There will be times when you may doubt your ability to stay in the Forex game. Don't fret! Here are ten "Jimmisms" to help you along:

Ten "Jimmisms" to remember:

1. **Be grateful all the time. Be thankful when your trades are profitable; be thankful when your trades were not – it could be worse.**

2. **Respect the code of conduct. 60-30-10. Focus on managing your emotions, and managing your money. Stay faithful to the system you have chosen.**

3. **Respect the market. Fear what the Forex market can do to your money. Walk away when you face too many blank walls. Take a break, once in while. Live to trade another day.**

4. **No one can control the market. Don't bother trying. Go with a system instead. That's how to consistently profit from Forex.**

5. **Your best intelligence is your common sense. Use it generously and frequently.**

6. **Stay alert and watchful. Watch the market**

90% of the time. Watch your emotions 200% of the time.

7. **You might have won one battle but you are still at war. It's your hard-earned money you are using - you owe it to yourself never to be complacent with your own money.**

8. **Trade responsibly ALL THE TIME, and always within your means.**

9. **Learn from your failures and mistakes – that's where true learning begins. Failure is the start of success.**

10. Trade when you are full. When you are hungry, everything will look good enough to eat.

Some people become interested to trade in Forex because they hear about the potential of Forex. They might even read books or see live trading demonstrations about Forex trading, and assume that they "know" how to trade. Real learning and understanding only begins when one puts something into practice.

As Confucius puts it best:

I hear, I forget.

I see, I remember.

I do, I understand.

So if you intend to trade in Forex for a long time using the JF Lennon system, these "Jimmisms" must be ingrained in you as your Forex trading philosophies and applied whenever you trade. And remember - we will be here to extend help and assistance to those who need it.

When you become part of our community, you will never feel alone in your journey towards wealth abundance. (If you liked what you read in this book, share it with someone else!)

Stay happy, healthy and wealthy, always.

The story of JF Lennon Institute of Financial Science

When I discovered a safe and reliable way to trade in Forex, I was very excited. I wanted to share with others how there is this great opportunity to grow wealth from Forex. I see Forex as the gold mine of our century. It is something every-person-on-the-street can learn to profit from. And so began my quest to share this message to others. But the more I shared, the more I realized how misunderstood Forex trading was. I have seen too many irresponsible traders who end up debt-ridden, causing distress to their loved ones.

I have seen entire savings wiped out due to emo-trading. What I have seen made me feel very strongly for the struggling person-in-the-street. I'm deeply saddened by what I have seen. But I truly believe that one can, safely and confidently, trade Forex for a long time. I truly believe that Forex trading can help one achieve financial goals. The challenge for me was to find a way to demystify the misconceptions people have about Forex trading. How could I teach people how to trade responsibly? It did not take me long to realize that investing in a school could serve these purposes. This is how I became involved in JF Lennon, a school I had co-founded.

When JF Lennon was just starting out, I saw how there were unscrupulous people who were more interested to profit from their students rather than to teach them how to maximize their trading potential. Call it blind optimism, but I felt that if just one school can make the difference, that is all it might take to change the perception of Forex schools. So this is what I set out JF Lennon to accomplish.

We wanted JF Lennon to be an example of a credible Forex school that taught students how to trade with a consistent and profitable Forex system. This is why we pushed for JF Lennon to be ISO 9001:2008 certified. We wanted to develop a Forex trading system that would remain relevant over time and the ever-changing market conditions. This is why we commit resources to continual research and development.

Another thing I noticed was that the schools were not doing enough to promote the long-term development of their graduated students. I felt that Forex schools could play a larger role in providing the support needed to consistently trade in a responsible manner. This is why JF Lennon focuses on building a community of like-minded traders.

This is how our mission came to be driven by five **T.E.A.C.H**. principles:

- To **t**rain every man on the street to use our proven Forex trading system
- To **e**nlighten traders that successful trading begins with knowing yourself
- To **a**dvocate responsible trading habits to every trader
- To **c**reate a continuous learning environment for traders, and
- To **h**elp the needy with the newly created Forex wealth.

Learn with Passion, Trade with Confidence.

Help us improve - send us your feedback!

We hope that this book has lit a clearer path for you towards taking up Forex trading as an alternate form of income and investment.

If you have felt that this book has helped you in any way, or if we can help to answer any questions - we would love to hear from you.

Be sure to write to us at contact@jflennon.com

Be sure to also stay updated with us on Facebook at http://www.facebook.com/Jimmyfx *(Click 'Like' to subscribe to our latest updates)*

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FREQUENTLY ASKED QUESTIONS

Q: Can I become a millionaire after attending trading JWT Mastery and BPT Mastery?

A: No professional minded people should claim that you could become a millionaire overnight through FOREX trading. No one should even tell you that you could turn $1000 into $200,000 in a year or less unless you are willing to trade with large contracts and undertake big financial risks.

Part of your learning involves knowing how to control your losses and not just about profit making. Trading results of each trader differs due to the differences in the level of knowledge about the market, trading styles, trading experience, psychology, level of discipline and the ability to manage risks effectively.

Students are advised to apply what they learn in the course in order to see results. We STRONGLY advise students to practice the strategies taught in the course and trade on demo account until they can profit consistently before trading on a LIVE account.

Q: Do the strategies guarantee 100% winning trades?

A: There are no strategies that give 100% winning trades. Do not be taken in by anyone who claims to have a FOREX trading strategy that guarantees you profits in all trades. Our systems are developed based on whether a particular strategy has a higher probability of bringing you profits instead of which particular strategy is 100% accurate. One important rule of trading is that if it is a proven strategy that works more than 60% accuracy of the time, you need to stick to it. Don't give up when it didn't work once or twice. Accept the fact that there will be times when the markets do not go the way as planned. If every trade is to work out profitably, then there are no risks in FOREX trading.

Q: What should I do if my trades are not making profits after attending JWT Mastery and BPT Mastery?

JFL's courses feature powerful strategies which are copyrighted and proven effective. We strongly advise our students to return with your trading report and attend our review sessions. Our appointed trainers would be glad to review on your application of our strategy. This is to ensure that you are applying the strategies in the correct manner.

Our team of consultants is committed to provide you with quality on-going support to ensure your success.

Q: How long do you envision a new student to become a good trader?

In general, a typical student would require at least 3 months of consistent trading in his/her demo account in order to develop a reasonably sound trading experience. Thereafter, in order to be recognized as a good trader, you would generally need to weather through at least 1-3 years of trading experiences on live accounts (with consistent and profit rates)and not forgetting a strong Emotional Quotient to earn the credit of being good trader.

There are people who have been in trading industry for years and yet unable to maintain a consistent trading record with sound money management. However, there are also some outstanding students that outperformed the general amateurs and emerged as resilient FOREX traders within the 6-18 months period matching those of institutional traders.

Q: How can I be kept informed of new developments in the FOREX Industry?

There are many resources in the market. These resources will be shared and discussed during our classes. As part of our Traders' Network, we welcome our students to be a lifetime friend or team member of our active trading community.

Attend our specially organized activities and stay engaged! Visit our website regularly and check on any updates from our Traders' Resource segment.

In addition, we strongly encourage our students to participate in our advance and supplementary classes to further your knowledge and sharpen your trading skills. It is also important to note that JF Lennon is 100% committed to our continuous R&D efforts in developing more efficient trading methodologies as well as fine tuning existing strategies so as to help our students gain better profits.

Although the strategies taught are robust and effective in all market conditions, the organization will also update all of our students/traders upon any changes made on existing strategies (if any, to cater to major shift in market conditions.).