

FOREX Trading Strategy - The Secret of Timing

Once you've identified a trading opportunity, the next step is to decide EXACTLY when to buy - and this is where many traders go wrong.

Here we explain how to incorporate better market timing into your FOREX strategy - so that you can make bigger profits.

Most traders time their entry levels incorrectly, so here's the right way to do it:

Using Support and Resistance Correctly

A basic wisdom of market timing is 'buy low, sell high' - well, the reality is, if you try this in FOREX trading, you'll end up losing money. First, let's define what support and resistance means

A support level is a historical price that traders come in, and buy to 'support the market' and the more times it's tested, the more valid the support will be.

Conversely, a resistance level is a level on the charts that 'resisted' prices from moving higher - again the more times it's tested, the more significant it becomes.

Why Buy Low and Sell High doesn't Work

'Buy low, sell high' is accepted wisdom by the majority of traders - but this logic is fundamentally flawed - use it in FOREX trading, and you're asking for trouble. Why? - If you wait for a pullback, you're going to miss some of the biggest moves.

Think about it - what if a currency starts to trend and doesn't pullback? (How often have you seen this?) If you're waiting for a pullback that never comes, you'll never get in on the trade and you'll miss a major opportunity.

You Need to Feel Uncomfortable

When Trading in the FOREX market, you should usually feel uncomfortable (and that's why most traders don't make these trades) - as no one likes to buy or sell after the market has started trending - but doing this will make you money.

The fact is, the more comfortable you feel when entering a trade at support, the less likely the trade will be a big winner.

During any given year, most of the big moves in currencies, take place from new MARKET HIGHS with NO pullback.

If you base your FOREX Trading strategy around waiting for a warm comfy entry, at key support, you're going to miss the biggest and most profitable trades - so step away from the losing majority of traders.

Your FOREX trading strategy should give you a different mindset - most traders 'buy low and sell high' - so you should 'buy high and sell higher' - i.e. you should be doing the opposite of what the crowd are doing.

Don't worry - most traders lose money, and their FOREX Trading strategy is based on the flawed logic we have just discussed - so not doing what they do makes total sense. Therefore, look for breakouts through support and resistance - and sell and buy respectively.

Its Tough Mentally - But it Makes Money!

Sure, it's hard to do - the majority don't agree with you - and no one likes to go against the majority. However, it's the right thing to do, to make your FOREX trading successful. Think about what we've just said, and you'll see it makes logical sense.

Has this Happened to You?

How many times do traders buy into support, and the market breaks support, stops them out and continues to decline. On the other hand, another common scenario is, price never get to support - it simply goes higher - and the trader misses the chance to get in on the trend.

This type of trading is tough mentally - that's why 90% of traders don't do it - they want to be comfortable - well being comfortable is great, but you'll lose money.

Breakouts work, and if you use them in your FOREX Trading strategy, you won't be comfortable on entry - but you'll make money - and that will more than compensate.

The way to succeed in FOREX trading is to do what the losing majority don't do - then you can join the elite 10% of traders who make the big profits - try it and see!

About the Author

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