

The Common Factors That Make Profitable Forex Trading Systems Stand Out

Currency traders are always looking for the most profitable Forex trading systems to adopt as part of their trading strategy. For any trader, in order to be profitable in Forex it pays to seek out the best Forex systems. But what are the stand out features of a profitable Forex trading system from one that is less so?

Profitable Forex trading systems are identified from the following common characteristics:

1. Profitable Forex Trading Systems Tend to be Easily Understandable

Try to look for simple Forex systems. Simple systems tend to record better results than those that are overcomplicated by rules. Simple strategies equal simple execution. Forex systems which are both difficult to use and implement will only cause you more problems and less profits.

2. The Best Systems Trade Accurately

In order to be profitable it is important for a trading systems to time trade entries correctly. Therefore the systems will need a repeatable and profitable strategy to be used in the markets. Calling a market direction correctly but incorrectly timing the entry is not a profitable way to trade. The best Forex trading systems will provide an early entry into profitable moves.

3. Accurate Timing of Market Trade Exits!

Ok so just because a trade has been entered at an optimum point, the system needs to include rules to ensure that it is exited at the correct time. Profitable Forex systems will provide both take profit and stop loss levels so you can manage trades effectively. Systems which fail to observe this rule will turn potentially winning trades into losses.

4. Have Good Levels of Risk/Reward

Many Forex trading systems will prove ultimately unprofitable because the ratio of risk/ reward not in the systems favor. Ultimately any profits made from winning trades need to be sufficient to cover for the inevitable losses. Profitable systems don't necessarily have to win more trades than they lose. It is the profit in relation to the loss which the system makes which is important. For example there is little point in employing a system which wins 9 out of 10 trades, only for the tenth trade to wipe out the preceding profits.

5. Money Management Is Integral To The Strategy

In order to become a profitable, a system must be build on sound money management fundamentals. Winning systems will employ proper money management rules that will help to cope with "draw down" on the account when times are hard. The aim of a good money management is principally to limit any loss on your account. If the system fails in providing solid money management then it is probable that any early profits made will be short lived. This turns otherwise profitable Forex trading systems into ones which will quickly fail for you.

About the Author

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