

Trend Following System - Building a System For Triple Digit Annual Gains

Forex markets trend long term, they always have and they always will as long as we have a free market and the big trends which reflect the underlying economic cycle can last for many weeks, months or even years. If you learn to trend follow correctly you can make huge long term profits in around 30 minutes a day...

Many traders like to trade the market noise and trade short term but this is doomed to failure, as all short term volatility is random. If you trade the big trends you get better odds, more profits and spend less time on your trading. Lets look at trend following in more detail.

If you want to succeed at Forex trend following, you should keep the key points in mind below when formulating your Forex trading strategy.

Simple and Robust

The best trend following systems are simple and it's a fact that in Forex simple systems work better than complex ones, as they have fewer elements to break than complex ones. A graphic example of this is the free one we have on this site which has only one rule yet, test it and you will see how much money it makes. A Successful trend following system can be based on just looking at support and resistance and have a few indicators to confirm your view and that will work just fine.

Use Breakouts

All big trends start and continue from breakouts to new market highs or lows so if you are considering trend following, breakout methodology should be used in your Trading strategy. Breakouts are simple to understand and simply trade the reality of price change and trading breakouts is a high odds way of trading Forex.

Trade Infrequently

I know traders that trade maybe once or twice a month and make triple digit gains and that's because they focus on the best high odds trades. You get nothing for effort in Forex trading, you're judged purely on results and if you are patient and wait for the best set ups you will increase your odds of success and reduce your work rate

Acceptance of Short Term Volatility

If you are trend following in Forex you are after trends that last for weeks, months or even years and you have to accept that you cannot predict tops or bottoms, you always have to give a bit back at the end of a trend and you also have to accept short term drawdown in equity against you as you follow the trend.

Long term trend following, requires patience and discipline but if you caught just 60% of every major trend, you would make a lot of money.

About the Author

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