

The Currency Issue



FREE FOREX SEMINAR

Millionaire Forex Trader Reveals All ...

**Discover the Secrets of
the Trading Super Elite ...**



**UK's #1
TRADER
COACHING
COMPANY**

2006-2008

AWARDED BY BUSINESS BRITAIN MAGAZINE

- Are you excited by the prospect of making an incredible income from Forex, but have no idea how to do it consistently?
- Are you frustrated by the lack of decent opportunities in the stock market?
- Have you tried Forex before without success?
- Did you know that Forex traders make more money than any other class of traders? Find out why - NOW.

TO REGISTER TO ATTEND - CLICK HERE >>

www.freeFXseminar.com

CALL NOW: +44 (0) 207 751 8900



TRADERS UNIVERSITY

Presented by Knowledge to Action Ltd.

**PAST PERFORMANCE IS NO
GUARANTEE OF FUTURE
PERFORMANCE**

- 5** The River
Monthly Review of financial news
- 6** About Forex
A beginners guide to Forex
- 12** IX Expo '09
Join us at IX Expo '09 - learn to trade Forex
- 14** 10 Reasons to Trade Forex
Why is Forex trading increasingly popular?
- 18** Investor Profile
We chat to a successful Forex trader
- 24** In Search of the Holy Grail of Investing
A Moving Averages trading strategy put to the test
- 34** Investment Club News
Investment Club meet-ups and tax latest
- 36** Event Calendar
Economic announcements & events for April 2009
- 38** Timetotrade Questions
We answer your timetotrade queries

Foreword

Welcome to the first edition of the timetotrade e-zine. Each edition we aim to bring you topical news and educational content that will help you make more informed and better timed investment decisions.



These are exciting times at timetotrade, over the last few weeks we have migrated to a new data feed and to complement our existing stock price and technical indicator alerts we have launched Forex Alerts - customisable price and technical indicator alerts for forex currency pairs.

This edition focuses on currency trading: what it is, how to trade and a look at strategies you can use. As a **special offer** to mark the launch of our Forex Alerts service, we are offering all our readers **FREE SMS text alerts** to your mobile. To claim your free alerts just send us an email:

[click here >>](#) with the subject title "**FREE SMS ALERTS**".

You can learn more about Forex and stock trading strategies at the IX Investor event in London on the 24th April 2009. I will be presenting on the technical strategies I have found to be most profitable over the years. The event is free to attend if you register in advance. I very much hope you can join us.

Until next month, I hope the markets are kind to you.

Dary Mc Govern
Managing Director, Sensatus UK Ltd

If you have any comments or feed back that you would like to see published, please email: dary@sensatus.com

Barclays shares soar as FSA gives “all clear”

Shares jump as the UK financial regulator gives the bank’s balance sheet a clean bill of health

[full story >>](#)

Dairy Crest advert boost

Dairy Crest said sales of Country Life were up by more than 25% following its advert campaign [full story >>](#)

UK’s largest friendly society posts £202m loss

Mutual Insurer Liverpool Victoria made a £202 million loss after tax [full story >>](#)

Revenues up 18 per cent at Dragon Oil

Dragon Oil said earnings rose 21 per cent last year due to higher crude prices and increased output

[full story >>](#)

Japan set for three year return to deflation

Japan is heading back into deflation and the economy could stay there for 3 years

[full story >>](#)

Where are precious metals headed?

Bullion rallied after the US reserve said it planned to buy \$300 billion in longer-dated Treasuries [full story >>](#)

“White people with blue eyes caused world recession”

Brazil’s President Lula identifies the cause of the global financial crisis

[full story >>](#)

Is the sun coming out again for green stocks?

Chinese solar energy subsidies could offer opportunities

[full story >>](#)

Commerzbank reveals toxic assets

Commerzbank warns 2009 earnings will be badly affected and discloses toxic assets of 50bn [full story >>](#)

A beginners guide to Forex

So What is Forex?

The Foreign Exchange market, also known as “Forex”, “FX”, “Spot FX” or just “Spot” is the oldest, largest and most liquid financial market in the world, tracing its history back centuries to Babylonian times. While the global financial markets were collapsing in 2008, the FX market experienced tremendous growth, reaching more than 1.78 million transactions per day - an average daily trade volume approaching \$4 trillion. That’s three times the stock and futures markets combined. With so many investors and so much money changing hands each day, it is the perfect market for traders who use technical analysis tools. Forex trading offers investors an excellent way to diversify their portfolios, lower volatility and reduce market risk, and being a Global market it is possible to trade Forex 24 hours a day.

How Does Forex Work?

Forex trading is the simultaneous buying of one currency and selling of another, as traders speculate the value of one currency will strengthen or weaken against the other. As such, trading is always conducted in currency pairs. The first currency in the pair is known as the ‘base’ or ‘transaction’ currency and the second is known as the ‘quote’ or ‘counter’ currency. For example, the pound and the US dollar (GBP/USD) or the US dollar and the Japanese Yen (USD/JPY). The price that is quoted corresponds to the number or quote currency that is required to buy a unit of the base currency.

“currency markets are ruled by term trading activity generated by platforms”

Movement of currency is expressed as percentage in point, or 'pip' also known as 'point' which is the smallest unit of price for any currency. The size of the smallest incremental change depends on which is being traded. For the actively traded currencies for example GBP/USD a single pip equals the smallest change in the fourth decimal place - that is, 0.0001. However for lesser traded currencies the decimal place can be higher. A noteworthy exception is the USD/JPY pair where a pip equals \$0.01).

Unlike equity trading, Forex doesn't take place via a centralised exchange and is instead conducted over-the-counter (OTC). Buyers and sellers trade directly with one another or through brokers, dealers and market makers, rates can therefore vary.

Technical analysis with a lot of short computerised algorithmic trading

Forex Essentials

You trade currency pairs e.g. if a trader buys GBPUSD, they effectively buy British Pounds and sell US Dollars; if the trader sells GBPUSD, they sell British Pounds and buy USD dollars.

“being a global market, it is possible to trade forex 24 hours a day, from 5pm EST Sunday to 5pm EST Friday”

You buy a currency pair if you expect the exchange rates to increase in value; you sell a currency pair if you expect the exchange rates to fall in value.

Ways to trade currency

You can trade currencies via:

- * Forex broker - “Spot Forex”
- * Spread betting
- * CFDs
- * Currency Futures
- * Options

Forex Trading Account

You trade Forex in lots. Mini lots typically start at \$10,000 and increment by \$10,000 typically up to \$100,000. Maxi lots are based on \$100,000 increments.

To buy and sell lots, you need a percentage of the lot size as a cash deposit to cover the margin requirements.

When you buy and sell a currency pair, you need a minimum margin requirement typically between 1% and 2.5% of the lot size e.g. \$10,000 requires \$100 cash deposit at a margin rate of 1%.

Even though you only require a small percentage to trade a Forex lot, you realistically need a cash deposit of between 5% and 10% of the lot size to cover volatility and avoid a margin call on open positions held over days or weeks.

A margin call is where the broker will ask you to deposit more money to cover the margin on a losing position.

With a minimum trade on a \$10,000 GBPUSD lot you make or lose \$1 for every 0.0001 change in the exchange rates; it is essential to understand the inherent leverage that comes with varying lot sizes and therefore consider carefully your lot size and the associated risk and margin requirement before opening a position.

Forex Spread Betting Account

With Spread betting, you typically bet on exchange rates increasing or decreasing with a minimum bet of £1 per 0.0001 movement; for some currencies the unit size is 0.01.

“longer term tr
such as interes

The minimum bet is typically £1 for every 0.0001 point movement in the exchange rate, therefore if you take recent volatility that saw the pound swing between 1.4300 and 1.4600 against the dollar within 24 hours, it would have resulted in a gain or loss of £300 if a minimum bet of £1 per point was placed.

Futures & CFDs

Futures and CFDs typically require about 5% to 10% of the contract size and are normally cash settled.

Options

Forex Options are typically settled by exchanging Forex Futures.

Trends are driven by economic factors
Interest rates, GDP, employment ... ”

Forex Trading & Interest

If you buy a currency you get paid interest; if you sell a currency you have to pay interest.

To trade a currency pair you have to buy one currency and then sell another, therefore for long term positions you will receive interest on the currency bought and pay interest on the currency sold.

The interest rates on each currency varies; for example if you buy Pound and Sell US Dollars, the interest rate on the Pound is higher than the Dollar therefore you will receive more interest than you have to pay out; this can be used to generate an income on a difference between the two rates.

Fundamentals

Longer term exchange rate trends change gradually over time driven by economic factors such as Interest Rates, Gross Domestic Product, Employment, Consumer Sentiment.

Technical Analysis

The currency markets are ruled by technical analysis with a lot of short term trading activity generated by computerised algorithmic trading platforms.

It is essential to have an understanding of Trend Lines and Support Levels plus commonly used technical indicators such as MACD, Stochastic, RSI and Moving Average/Two Moving Averages. Exponential Moving Averages tend to signal a change of trend quicker than a normal Moving Average.

Basic trend line rules are buy at support and sell at resistance. There is a greater probability of a successful trade if the technical indicators are also changing trend when the currency pair is at a point of support or resistance.

Look for trending currencies that are making swings from highs to lows.

Range bound sideways trading kills technical analysis indicators as you get false buy and sell signals.



Hedging Gains

Forex trading can be a very effective way of locking in gains on overseas investments that have been generated by favourable changes in the exchange rate.

Consider the following example:

18 months ago an investor moves £5,000 into a US Dollar trading account at an exchange rate of 2.0000 and receives \$10,000. The \$10,000 is invested in some US stocks.

Today the investor's US investments are still worth \$10,000 however the exchange rate is now 1.4500.

If the investor was to sell their US investments and transfer the money back to British Pounds, the \$10,000 would be worth £6,896, which is a currency gain of £1,896.

The investor doesn't want to sell their US investments, but does want to lock in the currency gain as they think the Pound is going to rally against the Dollar.

The investor buys a \$10,000 lot of GBPUSD (i.e. buys British Pounds and sells US Dollars) via a Forex trade. The money deposited to cover the Forex margin would currently generate income as the British Pound is paying out a higher level of interest than the US Dollar, but this can change over time.

If the exchange rate moves from 1.4500 to 2.0000 over the coming months, then the Forex trade will generate a profit, while the US investments worth in British pounds will fall in value; the net effect is that any gains on the Forex trade offset the currency losses on the US investments.

Vice versa, if the exchange rate falls, then the Forex trade will loss money, while the US investments increase in value. The investor is therefore hedged at an exchange rate of 1.4500 regardless of which way the currency moves; makes for a better nights sleep.

When creating a Forex hedge against over seas investments, the objective is to take a Forex position that will generate an equal and opposite gain or loss to the overseas investment worth in British Pounds.

IX EXPO 09

IX Expo 09
Friday 24th April 2009
ExCeL London, UK

Join us at IX Expo 09 for your opportunity to learn how to take advantage of today's volatile financial markets and begin trading profitably.

25 FREE seminars and live panel sessions - all organised to help you learn more about trading.

Discover how today's most successful traders select stocks, analyse entry and exit opportunities using technical charts, and hedge positions to limit losses. Take a trip into the Forex markets and start using global events as a means to profit on currency fluctuations. All this plus an exhibition of leading brokers, software providers and other related service providers. If you're already trading, or keen to start, you should be at ExCeL on Friday, 24th April 2009 – **book your FREE ticket now.**

Speakers: include **Dary McGovern** (timetotrade.com), **Tom Hougaard**, **David Jones** (IG Index), **Sandy Jadeja** (ODL Markets), Dennis Fluegel (VectorVest), Luis Sanchez (Dukascopy Swiss FX Marketplace), Kevin Burton (EzeeTrader), Malcolm Pryor (Trader and Author) and many more...

Technical Analysis Summit: from 11am to 12pm a panel of four expert traders will reveal their own personal trading strategies and offer an insight into why they choose certain charting patterns to guide their trading.

Tickets are free if booked online; otherwise you'll need to pay £25 at the door. Your ticket includes a free delegate pack and Event Guide.



Friday 24th April 2009
ExCel, London

Book your FREE
ticket NOW!

[click here >>](#)

10 Reasons to Trade Forex

More and more investors are embracing Forex as a way to diversify their portfolios and obtain higher returns than typically gained from traditional asset classes.

So what is it about increasingly popular Forex trading that is attracting investors to take it up?

Here are ten reasons why you might consider trying your hand in the world's largest and most lucrative market.

1. The World's Largest Market

The Foreign Exchange (Forex) market is the biggest and most liquid of all equities markets to get involved with. This in itself is an advantage as with an average daily trade volume of \$4 trillion a day, no single person or institution (not even Central Banks!) can corner or control the market, and you almost always buy or sell a position at a reasonable price, with price execution based on current interbank rates.

2. 24-Hour Global Access

The forex market is open continuously 24 hours a day from 5pm Sunday to 5pm Friday. Meaning you can trade over different time zones giving you many opportunities to make money and choose the hours that you want to trade... no waiting for the bell to ring and the markets to open.

“average daily

3. Make money when the market is going up or down

You buy one currency pair whilst simultaneously selling another, which means you can profit in both rising and falling markets. Profits are realised from both the fluctuation of currencies and interest rate differentials.

4. Minimal external influence, to corner the market

The foreign exchange market generates billions in revenue for the world's banks and is a necessity of the global markets. Analysts, pundits, banks and brokers alike don't drive how the deals flow, they just analyse the forex market. This makes your investments less susceptible to being cornered by the markets or for central banks to intervene to manipulate market prices, as can be the case with stocks and shares.

5. Less choice with fewer currency pairs to choose from

There are approximately 40,000 stocks listed across global exchanges such as the LSE and NASDAQ. For stock market investors this means that many hours of research must be spent working through which stocks are to be invested in. In Forex trading it is much simpler. There are dozens of currencies traded, but the majority of the market trades just 4 major currency pairs. So Forex is a lot easier to focus analysis on and keep track of changes in the market.

6. Forex offers great leverage

One of the big reasons that so many investors are attracted to Forex is that it offers much higher leverage than is available with stock market investing.

trade volume of \$4 trillion a day”

7. Reduce exposure to risk

Trading forex is a great way to remove market risk, as part of a rounded trading strategy. Unlike shares trading, a weakening market sentiment in forex cannot cause all currency interactions to fall - as one currency's loss is another currency's gain.

8. No Stamp Duty on trading Forex

There is no stamp duty to pay on trading forex and spreads are tight. Forex trading is highly transparent and does not have any hidden commissions or exchange fees. Forex brokers make a small percentage of the bid/ask spread and that's it. Most brokers offer free trading platforms - enabling you to trade from home (or just about anywhere else!) 24 hours a day.

9. Forex trends exceptionally well

One of the underlying tenets of technical analysis is that historical price action predicts future price action. Owing to the large number and variety of foreign exchange market participants, there tends to be a large amount of data to gauge future price activity, making it the perfect market for traders that use technical tools to determine entry and exit points.

10. Real time forex alerts and anytime anywhere access.

Don't forget to check out timetotrade's new forex alerts tool. Use timetotrade to set up your own customised price and technical indicator alerts against all the major currency pairs. Track real-time changes in the markets and receive forex alerts to your mobile.

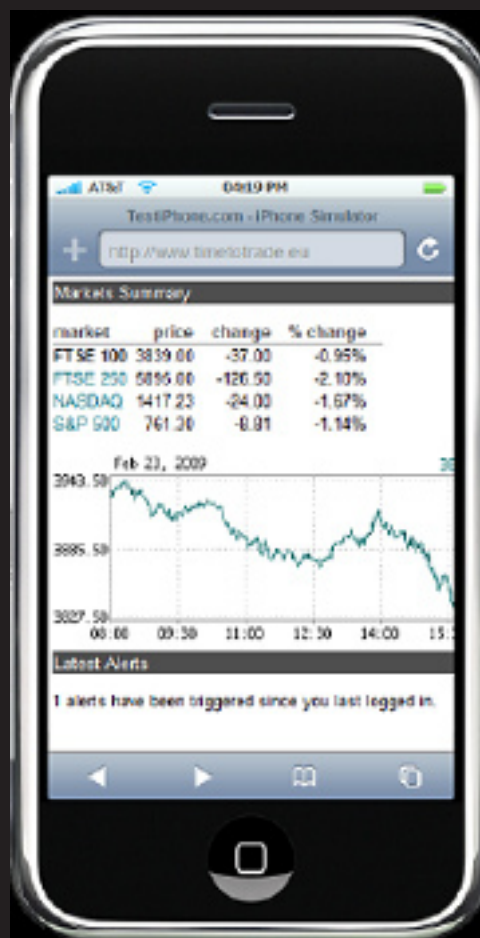
NEW! timetotrade Forex Alerts

GET 10 FREE SMS ALERTS
TODAY!

To celebrate the launch of timetotrade's Forex SMS alert service we would like to give you 10 FREE customisable SMS alerts to send to your mobile phone.

You can use timetotrade to set up price and technical indicator alerts for stocks and forex. When your chosen conditions are met you will receive an SMS text message alert to your mobile phone

To claim your FREE SMS alerts simply email us at:
info@sensatus.com
with the subject header "FREE TEXT ALERTS"





Name: Larry Ottaway
Age: 52
Occupation: Landlord
Location: Elsecar, Barnsley, South Yorkshire
Experience: Started trading in August 2007
Strategy: Scalper

We chat to day trader, Larry Ottaway about his strategies and tips for success

Which markets and instruments do you invest in? Specifically forex markets and mainly EUR/USD because it has the lowest spread, which is particularly important in forex scalping.

What is forex trading? Literally trading one currency against another in pairs. ie, with EUR/USD either the euro is going up and the dollar going down against it or vice versa.

Which brokers do you use and how to you rate them? For my particular type of forex scalping, Currenex brokers are preferred as they reflect the real market.

The downside is the relatively high entry level (larger account needed). My favourites are FXDD and ADM Derivatives. For a small account Oanda is a possibility BUT they are “market makers” creating their own approximation of the real market. So watch out for their infamous late fills, slippage galore and freezing platforms.

What are the pros and cons of a spread betting account versus a forex account? Forex accounts offer greater control for the small pip targets in scalping. On the other hand spread bets are tax free ... but I never use them.

What type of investment strategies do you use? This is where I could write a whole book ... there are two big concepts here. Firstly, as already mentioned, scalping and secondly VERY short time frames. Scalping trades are very quick dips in and out of the market often within a matter of seconds. Targets might only be 2 or 3 pips per trade (or more) and the logic is that once you become experienced it is relatively low risk because of this tiny exposure to the market. Two pips might sound ridiculous until you do the math on compounding. With a high hit rate it's possible to trade around half a percent of account per pip. An average of 3 pips per trading day then becomes 1.5% per day or 7% per week. As to very short time frames, the myth is that any time frame less than one minute or even 5 minutes carries too much "noise" to be tradable.

That's not true. I successfully trade a one SECOND time frame on the basis that the moves are caught much earlier than the higher frames. Up to a year ago I had to use Oanda which had the shortest frame at 5 seconds. I have now replaced this with Ninja Trader software giving me the one second.

Which technical analysis indicators do you use and what do you look for? I use weighted Moving Averages to give a very detailed picture of what the market is doing. After extensive screentime or market watching you begin to recognise particular patterns that frequently repeat and offer high probability set ups.

“an average of 3 pips per day becomes 7% per week”

What would you say are the major factors that influence a currency's price movement? Obviously standard economic and political news but also you never quite know when Toyota or Chrysler for example are going to be shunting around vast amounts of money, spinning currencies into unexpected directions in a split second. Hence once again the advantage of minimal market exposure.

How have Forex traders been affected by the current economic crisis? Experienced scalpers are pretty much immune to the crisis. Business as usual. There have been phases of increased volatility from time to time but that just means more pips.

One downside has been smaller account sizes on the basis that if you don't know which banks could go pop you also don't know which brokers could go the same way.

Another obvious, but sometimes overlooked point is that the forex market can't crash ... as one currency is going down the other in the pair is going up.

In your opinion should traders use stop losses? Tight mental stop losses are vital in scalping because one big loss could obviously wipe out a whole series of small gains. My stop is sometimes as tight as two pips plus spread. Preset stops can also be useful if connections fail.

What's the most important lesson you have learned from your investment mistakes? Rigid discipline on mental stops. When you enter a trade know EXACTLY where you will exit if things go wrong. No hope, no fear.

What are your tips for trading during volatile markets? With scalping, widen stops and widen take profit levels.

What advice would you give to anyone who is thinking about taking up FX trading? Watch out for the sharks selling endless systems and courses. 95% of it is overpriced useless junk. Expect to be learning on demo accounts for at least a year if not two. Find a method or system that suits you and practice, practice, practice. Think of it like learning a musical instrument. You're going to be crap for quite a while ... you'll slowly get better and better ... and eventually you'll be paid very very well.



Friday 24th April 2009
ExCel, London

Book your **FREE**
ticket **NOW!**

[click here >>](#)

“When you enter a trade know EXACTLY where you will exit if things go wrong”

START TRADING FOREX WITH A \$1000 BONUS!

- Free Practice Account!
- No commissions and bottom spreads!
- Live news, charts and indicators!



[Open Free Account](#)



Book Store

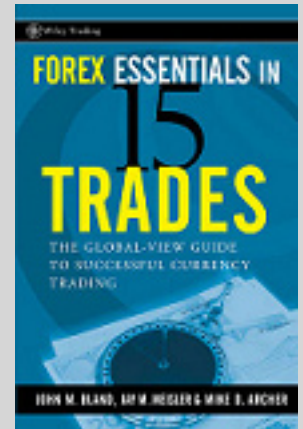
Forex Essentials in 15 Trades

The global-view.com Guide to Successful Currency Trading

by Jay Meisler, John Bland & Michael Duane Archer

In this book the authors dissect 15 trades, looking at how the trade was selected and why it was made, as well as money management and the psychological aspects of trading. Entertaining anecdotal stories are interspersed throughout.

[Order your copy today >>](#)



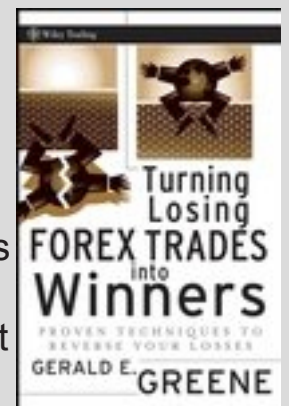
Turning Losing Forex Trades into Winners

Proven Techniques to Reverse Your Losses

by G.E. Greene

This book examines effective methods for dealing with trades that are in a losing position. First, it guides the trader through the various steps of determining if a trade is with or against the overall trend. Then, it explains how to decide when a trade should be closed or left open, accompanied with hundreds of chart examples that provide step-by-step instructions on how traders can recover from losses.

[Click here to order your copy >>](#)



In Search of the Holy Grail of Investing

Wouldn't it be nice if you could implement an automated trading strategy that no matter what the market conditions, you made money? Dary Mc Govern puts some commonly used strategies to the test.

In January 2009 I set about testing technical analysis strategies to see if I could find one strategy that could be trusted to generate consistent returns regardless of the market conditions. The objective was to develop a strategy that could be used to automatically execute trades i.e. automate the process of sending buy and sell orders to your broker without the need for manual intervention.

The initial conclusion from pursuing this holy grail of technical analysis investing is that there is no one strategy that works for all market conditions, however there are strategies that have generated startling returns when applied to the appropriate market conditions; strategies that are now being used successfully in the real world.

It is those last few words that you need to pay careful attention to, "the appropriate market conditions".

Over the coming months a range of commonly used technical analysis strategies based on indicators such as rsi and stochastic will be tested and the results shared.


To simulate the automatic trading element in real world conditions repeating technical alerts were set up on timetotrade and each time they triggered the price was noted.

Can automated trades be set in motion, and left to fund a jet set lifestyle?

As this issue is devoted to currency trading the first strategy that we will look at is based on buying when exponential moving averages cross. To test this strategy alerts were set up on timetotrade, which triggered when the 2 hour interval 10 and 20 period exponential moving averages crossed.


If you are not familiar with exponential moving average, it is an indicator that calculates the average price of a stock over a defined number of interval periods. In the above example the interval period is 2 hours, which means that every two hours the price is recorded for use in the exponential moving average calculations.

The historical prices at the two hour interval periods are then used to calculate the exponential moving average. For the exponential moving average based on 10 interval periods the price at 2 hour intervals over a period of 20 hours is used. For the 20 interval period calculations the price at 2 hour intervals over a period of 40 hours is used.

A buy signal is generated when the faster exponential moving average that is based on 10 periods rises above the slower 20 period moving exponential average, ie. a 'positive crossover': 

The following chart provides an example of a positive crossover that has just occurred:



A sell signal was generated when the 10 period fell below the 20 period exponential moving average, ie. a 'negative crossover': 

The following chart provides an example of a negative crossover that has just occurred:



As part of the simulated trading, each time a buy or sell signal was received the position was switched from long to short. For clarity when dealing with currency pairs such as GBP/USD a long position is when you buy with the intention of selling at a higher price (higher exchange rate) and short is when you open a position by selling, with the intention of making a profit by closing the position through buying at a lower price.

To keep things simple it has been assumed that the price that was associated with the alert was the price that a buy or sell order could be executed at. In real world application sometimes the difference can be 5 to 10 pips, but over time the performance averages out in line with the test results. In tracking the results the number of pips made or lost on each trade was recorded as illustrated on the following table.

If you are not familiar with a pip, it is the smallest price increment in forex trading. Forex prices are typically quoted to the fourth decimal point; for example the GBP/USD exchange rate is measured to the fourth decimal place such as 1.3751, therefore one pip is 0.0001. If you place a spread bet of £1 per point on the GBP/USD pair, then each time it moves one pip you make or lose £1.

So does this exponential moving average strategy work? Can automated trades be set in motion, and left to fund a jet-set lifestyle?

When the strategy was applied to the GBP/USD pair over a 6 week period, it generated an overall return of 307 pips. Before we start rejoicing and booking ourselves on the next flight to Monaco, it is important to place context around the performance relative to the market conditions.

To begin lets see how the GBP/USD pair got on:

date	transaction	price	pips
03 Feb 2009 16:00:00 hrs	buy	1.4330	
10 Feb 2009 12:00:00 hrs	sell switch	1.4805	475
13 Feb 2009 08:00:00 hrs	buy switch	1.4362	443
16 Feb 2009 04:00:00 hrs	sell switch	1.4244	-118
18 Feb 2009 06:00:00 hrs	buy switch	1.4239	5
18 Feb 2009 10:00:00 hrs	sell switch	1.4173	-66
19 Feb 2009 02:00:00 hrs	buy switch	1.4271	-98
20 Feb 2009 06:00:00 hrs	sell switch	1.4220	-51
20 Feb 2009 20:00:00 hrs	buy switch	1.4405	-185
24 Feb 2009 10:00:00 hrs	sell switch	1.4514	109
24 Feb 2009 12:00:00 hrs	buy switch	1.4573	-59
24 Feb 2009 14:00:00 hrs	sell switch	1.4514	-59
25 Feb 2009 06:00:00 hrs	buy switch	1.4542	-28
25 Feb 2009 14:00:00 hrs	sell switch	1.4380	-162
26 Feb 2009 22:00:00 hrs	buy switch	1.4308	72
27 Feb 2009 10:00:00 hrs	sell switch	1.4173	-135
02 Mar 2009 02:00:00 hrs	buy switch	1.4219	-46
02 Mar 2009 03:00:00 hrs	sell switch	1.4229	10
04 Mar 2009 14:00:00 hrs	buy switch	1.4089	140
05 Mar 2009 22:00:00 hrs	sell switch	1.4128	39
06 Mar 2009 04:00:00 hrs	buy switch	1.4163	-35
06 Mar 2009 22:00:00 hrs	sell switch	1.4076	-87
11 Mar 2009 20:00:00 hrs	buy switch	1.3805	271
12 Mar 2009 18:00:00 hrs	sell switch	1.3801	-4
12 Mar 2009 20:00:00 hrs	buy switch	1.3913	-112
17 Mar 2009 10:00:00 hrs	sell switch	1.4057	144
18 Mar 2009 20:00:00 hrs	buy switch	1.4213	-156
		total profit/loss	307 pips

If you take a look at the range of price movement prior to winning trades as for example on the 13th of February:



or the 17th of March:



What you notice is that the winning trades are associated with a large swing in the price movement.

When you then examine the price movement during periods of loss making trades, for example between the 18th of February and the 20th of February, the losses are associated with periods of range bound trading activity:



One of the early conclusions is for the exponential moving average cross over strategy to work, it requires the price range to swing between highs and lows. During periods of range bound trading, you either have to sit on the sidelines or adjust your strategy.

So what strategy can you apply during periods of range bound trading activity?

If a strategy based on buying when there is a positive exponential moving average crossover and then selling when there is a negative crossover fails during range bound activity, then what would happen if you took a contrarian approach and sold when there was a positive crossover and bought when there was a negative crossover i.e. the opposite to the previous strategy?

To put this contrarian strategy to the test, it was applied to the EUR/USD pair between the start of February, after it had established itself in a range bound channel between the support and resistance trend lines as illustrated below.

The strategy was applied until the EUR/USD pair broke through the resistance trend line on the 11th of March. As the table on the following page shows, the results are quite staggering.



EUR/USD returns during range bound trading, while applying the contrarian exponential moving average strategy:

date	transaction	price	pips
02 Feb 2009 22:00:00 hrs	sell	1.2846	
04 Feb 2009 18:00:00 hrs	buy switch	1.2860	-14
06 Feb 2009 18:00:00 hrs	sell switch	1.2868	8
10 Feb 2009 06:00:00 hrs	buy switch	1.2822	46
11 Feb 2009 12:00:00 hrs	sell switch	1.2945	123
11 Feb 2009 18:00:00 hrs	buy switch	1.2877	68
13 Feb 2009 06:00:00 hrs	sell switch	1.2926	49
16 Feb 2009 02:00:00 hrs	buy switch	1.2762	164
19 Feb 2009 10:00:00 hrs	sell switch	1.2643	-119
20 Feb 2009 10:00:00 hrs	buy switch	1.2584	59
20 Feb 2009 20:00:00 hrs	sell switch	1.2816	232
23 Feb 2009 22:00:00 hrs	buy switch	1.2702	114
24 Feb 2009 20:00:00 hrs	sell switch	1.2848	146
25 Feb 2009 20:00:00 hrs	buy switch	1.2746	102
26 Feb 2009 20:00:00 hrs	sell switch	1.2774	28
26 Feb 2009 22:00:00 hrs	buy switch	1.2736	38
03 Mar 2009 08:00:00 hrs	sell switch	1.2646	-90
03 Mar 2009 20:00:00 hrs	buy switch	1.2563	83
04 Mar 2009 22:00:00 hrs	sell switch	1.2638	75
05 Mar 2009 18:00:00 hrs	buy switch	1.2566	72
06 Mar 2009 08:00:00 hrs	sell switch	1.2686	120
09 Mar 2009 12:00:00 hrs	buy switch	1.2588	98
10 Mar 2009 08:00:00 hrs	sell switch	1.2713	125
11 Mar 2009 10:00:00 hrs	buy switch	1.2659	54
11 Mar 2009 14:00:00 hrs	sell switch	1.2784	125
		total profit/loss:	1706

In summary if the market is swinging between highs and lows, then using a positive crossover alert to trigger a buy and a negative crossover to trigger a sell, appears to work well when applied to currency pairs. Whilst for range bound trading activity the contrarian approach of buying at a negative crossover and selling when there is a positive crossover would appear to work very well.

The real challenge therefore is deciding when to apply which strategy and this is something that we will discuss in the next edition of the e-zine.

It should be noted that the results are not consistent across varying intervals and testing with longer and shorter intervals of for example 1 day or 15 minutes generated different results.

If you have any comments on this strategy, or would like to put forward your own research, please email: dary@sensatus.com

INVITATION FREE WEBINAR

If you are new to Forex or want to learn how to use timetotrade's price and technical analysis alerts, we would like to invite you to join us for a FREE webinar at

7pm on
Wednesday 1st April 2009

[Click here to register >>](#)



timetotrade

Disclosure: The information provided in this e-zine and webinar are for educational and illustrative purposes only. The strategies and currency pairs discussed are not recommended or endorsed and you must carry out your own research before making investment decisions.

Free Educational Guides

Guide to Investing in Uncertain Times

Falling interest rates; an investor's action plan

Simple, cost effective strategies to make more of new investments and those you already hold: investments to consider and those to avoid, ways to protect and increase your income, gilts - guaranteed by the government, corporate bonds - ways to make returns tax free, prospects for stock markets and property and how to benefit from falls in the pound. **Order your FREE guide today >>**



Issued and approved by Hargreaves Lansdown Asset Management

Guide to Making Sense of the Markets

Making the most of all market conditions

Our **FREE** guide can help you on the road to making successful investment choices.

Order yours today >>



Issued and approved by FIL Investments International

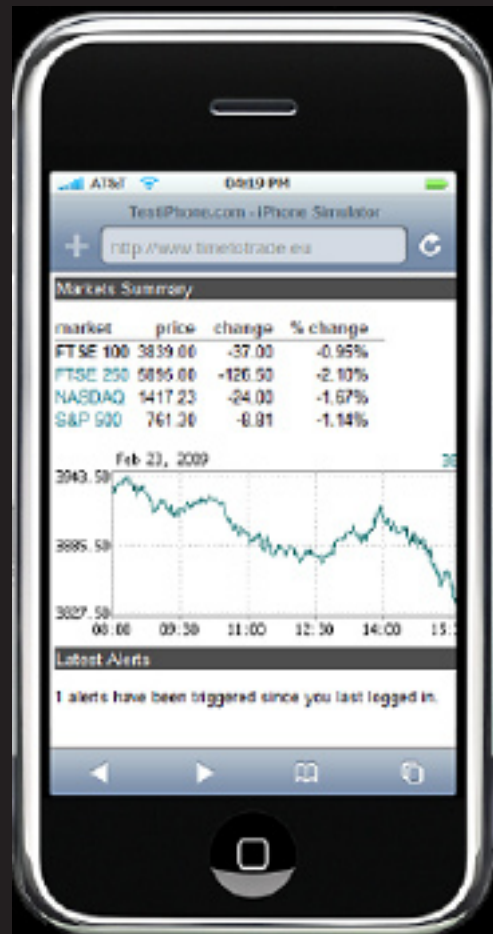
Claim your free SMS Alerts

GET 10 FREE SMS ALERTS TODAY!

To celebrate the launch of timetotrade's Forex SMS alert service we would like to give you 10 FREE customisable SMS alerts to send to your mobile phone.

You can use timetotrade to set up price and technical indicator alerts for stocks and forex. When your chosen conditions are met you will receive an SMS text message alert to your mobile phone

To claim your FREE SMS alerts simply email us at: info@sensatus.com with the subject header "FREE TEXT ALERTS"



Investment Club News

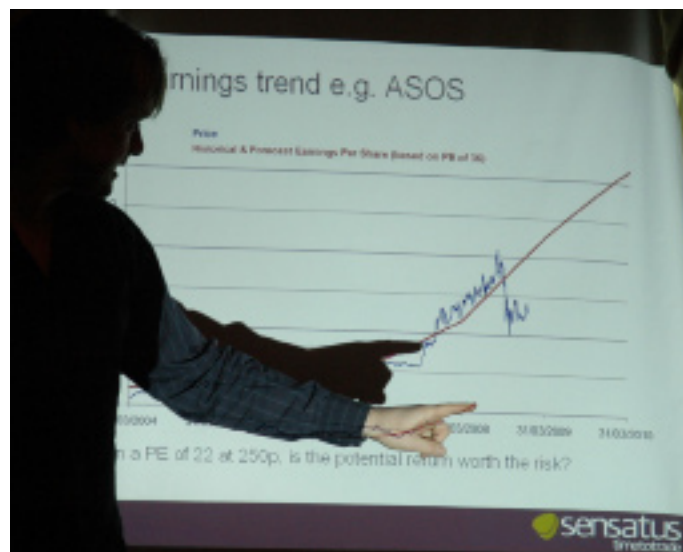
Investment Club Meet Up: Brighton & Hove, March 2009

Thank you to everybody who attended the first Brighton & Hove Investment Club meetup. A lovely afternoon was had by all, with representatives from 8 clubs from Brighton and around the South East.

A special thanks to Michael Carstens from the Vine Investment Club and Dary McGovern from Sensatus for their informative and insightful presentations on the strategies they use to select stocks.

You can download copies of their presentations from the following link [download here >>](#)

With such challenging market conditions of late, it was really helpful to meet local clubs and share ideas, experiences and strategies.



The afternoon provided us all with useful tips on how clubs can survive and prosper in these volatile market conditions.

We are planning to hold another club meet up in the summer 2009. If you are interested in attending or would like to find out more, please email us at info@sensatus.com.

Investment Club Tax Returns

It's getting closer to that time of year again ... the 5th April and the end of the 2009 tax year is nearly upon us which means Club Treasurers need to start thinking about preparing their Form 185 (new) for submission to HMRC.

From 6 April 2008 the Capital Gains Tax rules were substantially changed, and in particular the Share Identification Rules were amended with the reintroduction of share pooling (aka Section 104 holdings) for disposals of shares of the same class in the same company.

Share disposals must now be identified in the following order:

1. Against acquisitions on the same day
2. Against acquisitions made within 30 days following the disposal (bread and breakfasting rule)
3. Against shares in the new Section 104 holding, without identifying any particular shares in that holding.

You need to consider the share identification rules when completing your Form 185 (new) - unless you use timetotrade to manage your returns, in which case we take care of all of that for you!

We will be running a FREE online webinar at 7pm the evening of 15th April 2009 looking at the impact of the new rules in more detail.

To register for the webinar [click here >>](#)








BARCLAYS
Stockbrokers

It's just one idea to help you make the most of your money

Find out more >>

Investment ISA

Event Calendar - April 2009

Monday	Tuesday	Wednesday
30	 GDP, 13:30 GMT 31	 19.00 GMT timetotrade Webinar - Using Forex Alerts to Ride the Volatile Markets
 Bank of Japan Monetary Policy, 12:45 GMT 6	 RBA Monetary Policy, 5:30 GMT 7  GDP, 10:00 GMT	
 Easter: UK Markets Closed 13	14	 19.00 GMT timetotrade Webinar - CGT the new Share Identification rules
20	 Bank of Canada Monetary Policy, 14:00 GMT 21	
27	28	 Bank of Japan Moneta Policy, 12:45 GMT  GDP, 10:00 GMT  FOMC Monetary Policy 19:15 GMT

	Thursday	Friday
1 g	2  ECB Monetary Policy, 12:45 GMT	3
8	9  Bank of England Monetary Policy, 12:00 GMT	10   Easter: UK & US Markets Closed
15 & n	16	17
22	23	24 IX EXPO 09 IX Investor ExCeL London
29 ry	30	1



Financial
trading



Timetotrade Questions

Are there plans to create a mobile version of the timetotrade website so I can view and edit details via an i-phone? S. Harvey, UK

Thank you getting in touch. timetotrade has been developed to be accessible from any web enabled device, so you can view and edit your watchlists, charts etc from your i-phone. To access from other mobile browsers you may need to install Opera Mini.

Will you be adding Money Flow Index as a technical indicator alert? Is it possible to allow alerts based on multiple thresholds? For example, alert when price below Bollinger and Stochastic below 20? D. Foo, USA

We will be adding more technical indicators over the coming months and will ensure that Money Flow Index is included. If there are other indicators or features any of

you would like to see, let us know and we can include them in our development too, just [click here >>](#)

To set up alerts with multiple thresholds, click the alert trigger buttons next to the chart for each trigger condition you wish to see and use the 'advanced' feature to define the order you wish the conditions to met. To learn more [click here >>](#)

I need alerts on hourly data. Is this possible? J. Markenstam, UK

Alerts are available for a range of interval data from 1 minute to 1 month, including hourly data. Select your preferred interval period from the chart drop down menu, this will be the default interval period as you build your alert. You can build combination alerts with different interval periods for each trigger condition, simply by changing the interval period on the charts as you build your alert.



TOKYO



NYC



LONDON



SYDNEY



GMT



GET

\$1000

BONUS

to your new account

www.eToro.com

timetotrade is where private investors and investment clubs manage investment affairs. Consolidate and manage your investments, generate tax forms, track performance, keep a trading journal, access professional trading tools and create alerts to avoid missed trading opportunities. Sensatus, the developers of timetotrade, are a financial services software company that specialises in the development of web-based financial applications.



The use and interpretation of the timetotrade application and the content is dependent upon the exercise of the users own skill and judgment. The information provided is for educational and illustrative purposes only and Sensatus does not recommend or endorse any investments. You must carry out your own research before making investment decisions. The interpretation and use of the information provided is at your own risk and past performance is not a guarantee of future results.

In no event shall Sensatus be liable for any loss or damages whatsoever (including, without limitation, loss of profits) incurred by the user or in respect of any claim made against the user by any third party arising as a results of, or in connection with, the user's use of the timetotrade application or content. The user acknowledges that Sensatus makes no express or implied warranties as to the merchantability or fitness for a particular purpose of the timetotrade application.