

# Forex Trading Basic Strategies

*"Learn How To Make Money From Forex"*

## Lesson 8

### The Correct Timing in Forex Trading

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# The Correct Timing in Forex Trading

When you sense a trading opportunity, the deciding factor is to know exactly when to buy. Unfortunately this is the very point at which most lose the plot by timing their entry levels improperly. But here are some basic guidelines to help you at those crucial moments:

## Making Proper Use of Support and Resistance

If you try and use the fundamental rule of the share market – “buy low, sell high” – in Forex trading, you’ll actually lose money. To understand you need to know how the system of support and resistance works.

A support price is a historically tested price at which traders intervene and buy, so as to “support the market”. The more times this price is tested, the more bankable the support price will be.

Inversely, a resistance level is defined as a level at which “prices were resisted from moving any higher”. Here too the more times this level is tested, the more reliable it becomes.

## **Why Buy Low and Sell High Doesn't Work**

The reason why this traditional wisdom is counterproductive in Forex trading is that if you actually wait for prices to fall, you're going to end up missing some of the best opportunities for making money. Consider: when a currency starts to pick up, what are the chances of its pulling back?

What if it doesn't and steadies out? If you keep waiting for a pullback, you could end up never getting in on the trade because most of the changes in currencies occur from new market highs and without any pullback.

So if you plan to focus your Forex trade strategy on waiting for an entry at support prices, wake up! You stand to lose out on the most profitable trades. What your Forex trading strategy should target is rather, to "buy high and sell higher" – i.e. you should try and do quite the reverse of what the general crowd is doing. Try and keep a lookout for any breakthroughs in support and resistance, and then sell and buy correspondingly.

## **It Takes Guts - But It Makes Money**

The policy of going against the crowd takes courage to practice. But think over the strategy with a cool head and you shall find it is the most logical thing to do. How often have you heard of traders buying into support, but the market continuing its freefall, breaking the support?

And again, haven't you heard tell of the price continuing to soar and never getting to support, thereby making the trader miss the chance to capitalize on the trend?

So rather than be traditional and lose money, it is easier to adopt the breakouts policy: you won't be comfortable on entry but you will be making money. The trick is to break away from the pattern that the losing majority sets and to do what is productive and logical considering the common and predictable response.

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## Highly Recommended Resources

# *Forex Millionaire's System-DTS, # 1* *Forex Daily Trading System, more than* *140 Training Videos Plus 39 Meta quotes* *and 2 Custom Indicators*

<http://forexmillionairessystem.com/forex-center.html>

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