

WWW TRADING SYSTEM eZine

Issue - 1

www.WebTradingSystem.com

by Alex Krzhechevsky

Dear WWW TRADING SYSTEM eZine readers!

I am glad to present you the first issue of my eZine.

In this Ezine you will find many useful information about Forex trading, its notions and terms. I will give clear and detailed explanations about my WWW TRADING SYSTEM, its basic principles and trading rules.

I will provide you with numerous trading examples, diagrams, charts, and tables that will help you to understand my trading system better and make money with it.

Your ideas, propositions, and suggestions for improving this eZine will be given special attention and consideration.

Good luck!

Alex

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- 1. FOREX: General Information.**
- 2. WWW TRADING SYSTEM COMMENTS: Usage of Moving Averages.**
- 3. January 2003 Trading Results of WWW TRADING SYSTEM.**

1. FOREX: General Information

Forex (*FOReign currency EXchange market*) – is an interbank currency market which major function is providing currency exchange services between banks throughout the world.

The necessity for currency exchange is created by constantly increasing level of international activity.

Making payments on international contracts, accounting and capital transfer between different countries, provision of various tourist related services – all this requires a sophisticated system, enabling currency buyers and sellers all over the world to find each other. This system was created and it FOREX, which has the greatest turnover in the world. The national currencies of all major economically developed countries are engaged in FOREX trading.

FOREX daily turnover is estimated from 1 to 3 trillion USD, which is equal to three state budgets of the United States of America. Some figures to compare: international securities market has the daily turnover of 300 billion USD. New York stock exchange would need half a year to reach the daily turnover of currency market.

FOREX cannot be called a “market” in the traditional sense of this word. It has no headquarters or some definite trading

place as, for example, futures have. The trades are simultaneously made via telephone and computer terminals by hundreds of banks throughout the world. Hundreds of millions of USD are traded every second; this process makes the basis for the so-called “currency trading”. The demand for currency exchange is so great because FOREX has absolute liquidity: when you have bought any FOREX traded currency, you can easily sell it at any time.

FOREX consists of four regional markets: (1) Asian, (2) European, (3) American, and (4) Australian. The exchange operations are made 24 hours a day during the whole working week. Dealers ready to quote currencies are located in nearly all time zones.

This table illustrates the business activity of major financial centers of the world.

GMT	Sydney	Tokyo	Singapore	Paris	London	New York	Chicago	San Francisco
0	10	9					18	16
1	11	10	9					
2	12	11	10					
3	13	12	11					
4	14	13	12					
5	15	14	13					
6	16	15	14					
7	17	16	15					
8	18	17	16	9				
9		18	17	10	9			
10			18	11	10			
11				12	11			
12				13	12			
13				14	13			
14				15	14	9		
15				16	15	10	9	
16				17	16	11	10	
17				18	17	12	11	
18					18	13	12	
19						14	13	
20						15	14	12
21						16	15	13
22						17	16	14
23						18	17	15

The major participants of international currency market are:

- **large commercial banks;**
- **central banks of different countries majoring in regulating their national currencies rates on international markets;**
- **investment companies working on international financial markets.**

These influential participants have great affect upon the market; that is why they are called «marketmakers».

FOREX operations are the source of sufficient income for many banks.

Financial accounting of the largest Swiss bank "Union Bank of Switzerland" (UBS) showed that 80% of its profits generated in 1994 were made from operations on currency converting.

Such famous banks as "Citibank", "Chase Manhattan Bank", "Barclays Bank", "Sosiete Generale Bank & Trust" also get most of their income from FOREX operations.

Daily currency fluctuations are approximately 1-2%, which gives a real possibility to make money on speculative trades. The trades of this kind give the largest trading volumes on FOREX.

George Soros became famous and started his philanthropic activity after his legendary trading operation made in 1992, when he was selling GBP against DM and USD, which gave him the net profit of \$1,000,000,000 in two weeks.

As FOREX becomes more and more popular, not only large investors ready to spend hundreds to thousands can take part in the trades.

Nowadays this swiftly developing market enjoys great popularity among investors possessing just a few thousands.

We are going specialize our activity on this type of investors, providing them with all necessary materials in the following issues of our eZine.

This eZine will highlight useful information upon:

- **the trading mechanisms, enabling to participate in FOREX trades with the capitals of \$100;**
- **market analysis methodology;**
- **methods of currency rates fluctuation forecasting;**
- **useful tips on market tactics;**
- **capital management strategies.**

We will give you everything for understanding FOREX and successful trades on it.

2. WWW TRADING SYSTEM COMMENTS:

Usage of Moving Averages.

“When you wish to determine the price movement, the time for opening and closing the positions, use Exponential Moving Average (EMA) 5 and 13 indicators...”

(WWW TRADING SYSTEM)

Of course, there are persons who criticize the usage of moving averages. Their main argument is that moving averages do not work perfectly well on side way market with thin range. They may say that trading system, based upon moving averages, may cause losses on the above-mentioned market.

Well, these arguments have sense. I do not avoid it.

But, has anyone ever created trading system, which gives no losses on trades?

In my trading system the losses on side way market are compensated by one crucial point.

With this system you will never miss important market movement of 100 pips amplitude.

No one can give you 100% assurance in defining when the market is going to make big movements. My system is always ready to catch this moment, for you not to miss it.

The losses on FOREX trades should be treated like normal phenomenon, taking place every day. The statistics on my trading system proves that average profits are at least two times bigger than average losses. The report on real trades made on the basis of my trading system in January 2003 (the reports from February till June will be published in the following issues of the eZine) is a good argument in favor of the system's effectivity and appropriateness of its basic methodology.

3. January 2003 Trading Results of WWW TRADING SYSTEM.

Trade period:	January 2003.
Contract size (lot):	\$100,000.
Initial balance:	\$10,000.00.
Final balance:	\$15,760.71.
Profit:	\$5,760.71 (57.6%).
Average profit for 1 lot:	49.62 pips.
Average loss for 1 lot:	20.33 pips.
Profitable trades:	16 (51.61%).
Unprofitable trades:	15 (48.39%).

Trade Table

Open	Price	Date	Close	Price	Date	Commentaries	Lots	Balance
Buy	1.3828	01.01.03	Sell	1.4013	01.03.03		1	11,337.87
Sell	1.4003	01.03.03	Buy	1.3948	01.06.03		2	12,126.51
Buy	1.3948	01.07.03	Sell	1.3962	01.07.03		2	12,327.25
Buy	1.3985	01.07.03	Sell	1.3987	01.08.03		2	12,355.86
Sell	1.3988	01.08.03	Buy	1.4001	01.08.03		2	12,170.16
Buy	1.4002	01.08.03	Sell	1.3977	01.08.03	stop order	2	11,813.06
Sell	1.3963	01.08.03	Buy	1.3889	01.09.03		2	12,878.66
Buy	1.3885	01.09.03	Sell	1.3892	01.10.03		2	12,979.48
Sell	1.3905	01.10.03	Buy	1.3832	01.13.03		2	14,035.01
Buy	1.3832	01.10.03	Sell	1.3842	01.14.03		2	14,179.6
Sell	1.3842	01.14.03	Buy	1.3847	01.14.03		2	14,107.38
Buy	1.3842	01.14.03	Sell	1.3841	01.15.03	stop order	2	14,092.93
Sell	1.3836	01.15.03	Buy	1.3721	01.20.03		2	15,769.2
Buy	1.372	01.20.03	Sell	1.3701	01.20.03		2	15,492.23
Sell	1.3701	01.20.03	Buy	1.3709	01.21.03		2	15,375.52
Buy	1.371	01.21.03	Sell	1.3691	01.21.03		2	15,098.35
Sell	1.369	01.21.03	Buy	1.3687	01.22.03	stop order	2	15,142.18
Buy	1.3675	01.22.03	Sell	1.3628	01.22.03		2	14,454.8
Sell	1.3628	01.22.03	Buy	1.3655	01.22.03		2	14,059.34
Buy	1.3656	01.23.03	Sell	1.3643	01.23.03		2	13,868.94
Sell	1.3643	01.23.03	Buy	1.3632	01.23.03		2	14,030.33
Buy	1.363	01.23.03	Sell	1.3609	01.24.03		2	13,722.19
Sell	1.3609	01.24.03	Buy	1.3624	01.24.03		2	13,501.99
Buy	1.3612	01.24.03	Sell	1.3564	01.24.03		2	12,796.73
Sell	1.3606	01.24.03	Buy	1.356	01.27.03	stop order	2	13,475.19
Sell	1.3552	01.28.03	Buy	1.3582	01.28.03		2	13,033.43
Buy	1.3581	01.28.03	Sell	1.3567	01.28.03		2	12,827.26
Sell	1.3565	01.28.03	Buy	1.3543	01.29.03		2	13,152.15
Buy	1.3544	01.29.03	Sell	1.3593	01.30.03	stop order	2	13,875.72
Sell	1.3621	01.30.03	Buy	1.3581	01.31.03		2	14,464.78
Buy	1.3581	01.31.03	Sell	1.3669	02.03.03		2	15,760.71

NB: The prices of opening and closing the positions provided in this report may slightly differ from the prices you have in your charts. This difference is explained by the fact that during real trades it not always possible to get the rate, coinciding with the price of closing or opening the successive hour. The rates can

also differ, depending upon the market maker, which provides you with its services.

The conditions set up by a brokerage firm can also result in different way of profit/loss calculation.

This notwithstanding the difference should not be more than 1-2%.

COMING NEXT WEEK !

In the next issue of the WWW TRADING SYSTEM eZine you will find information about:

- 1. FOREX: Margin Trading.**
- 2. WWW TRADING SYSTEM COMMENTS: Time to Open the Position.**
- 3. February 2003 Trading Results of WWW TRADING SYSTEM.**

Syncerely yours,

Alex Krzhechevsky.

support@WebTradingSystem.com

info@WebTradingSystem.com

<http://www.WebTradingSystem.com>