Forex Trading Guide

Your Step-by-Step Guide to Success with Wolfx Signals

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WOLFX SIGNALS

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The main objective of this PDF is **helping you maximize your profits by learning how to start from scratch, manage Take Profits, risk, leverage, and other key factors**. It is not our intention to explain deeply what the forex market is, which fundamental factors affect changes in exchange rates, or any other aspect that is not 100% relevant when it comes to successfully following our signals. We will, however, start with a short introduction for you to follow everything we explain.

1. HOW DO I START?

STEP 1: DOWNLOAD THE FOLLOWING APPS

- Telegram (Available in App Store and Play Store)
- Metatrader 4 (available in App Store and Play Store)

STEP 2: SIGN UP WITH OUR RECOMMENDED BROKER WITH THE LOWEST COMMISSIONS (SIGNALS OPTIMIZED FOR THIS BROKER)

- **Click on this link to register in Hantec (0% commissions on Forex):**
  https://hmarkets.com/live-account-pre-registration/?refid=25194&cmp=9j4f9o5v&ent=hm

STEP 3: CONNECT YOUR BROKER ACCOUNT TO MT4/MT5

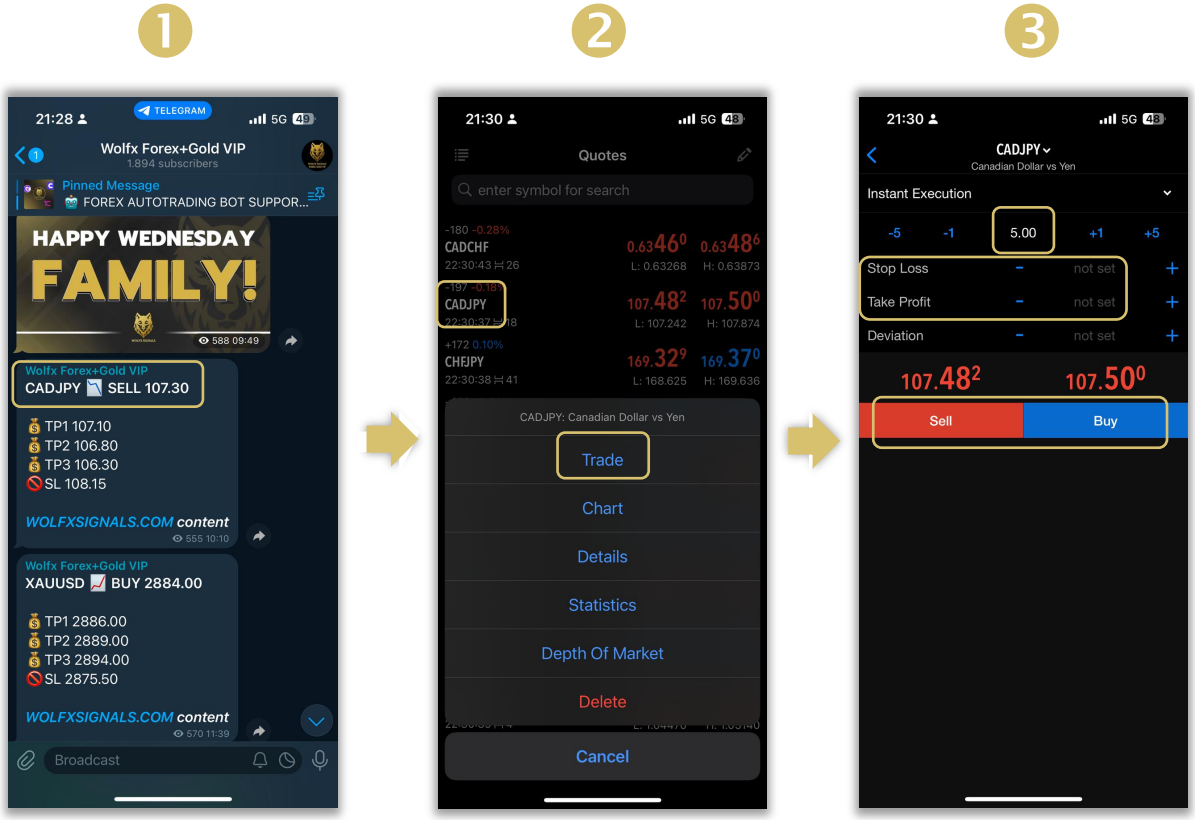
- Open the MT4/MT5 app
- Go to settings
- Select "New account", and then: "Login to an existing account".
- Write your username and password from your broker account (provided by them)

2. HOW TO FOLLOW OUR SIGNALS STEP BY STEP

Following our signals is **very easy**, but there are some things you must consider if you want to do it successfully. It is vital that you keep your phone with you all day long, as you must enter your trades as soon as we send the signals. This way, you will be able to pick the same (or very similar) prices as us, radically increasing your chances of obtaining profits.

The process is the following:

1. **We send a signal to our Telegram group**
2. **Open MT4, find CADJPY and click on Trade**
3. **Enter your lot size**
   Enter the SL and one of the Take Profits
   (we provide 3 Take Profits, so you can either open 3 different trades or choose one of the Take Profits)
   Select buy or sell



As you can notice, we provide three take profits. We will explain how to manage them later.

3. WHAT IS A PIP?

You need to understand what a PIP is and how to calculate its value to understand what you are trading. PIP stands for Percentage in Point, and it is the minimum price change that a specific exchange rate can make. An increase or decrease in PIPS represents a gain or a loss in your trade.

Usually, currencies are quoted to the fourth decimal place (for example: EUR/USD 1.1103). There are exceptions, like the pairs that include the Japanese Yen (JPY), or some commodities such as gold or oil. These are only quoted to the second decimal place (for example: USD/JPY 107.98).

When, for example, the EUR/USD pair moves from 1.1103 to 1.1104, it has moved one PIP, because the fourth decimal place has increased by 1. **For the USD/JPY, a 1 PIP increase would be the following: from 107.98 to 107.99**, because the second decimal place has increased by one.

Now that you know what a PIP is, we can use this concept in two real examples. Each of them will take as reference the pairs of the previous paragraph so that you can see the calculation with the two modalities (fourth and second decimal):

- **Example 1: SELL 100,000€ worth of EUR/USD at 1.1103**
  - PIP value in euros: 0.0001/1.1103 = 0.00009€
  - 0.00009 * 100,000 = 9€
  - If the deal is closed at 1.1083 (20 PIPS profit), you must multiply the PIP value times the PIPS in profit: 9 * 20 = +180€
- **Example 2: BUY 50,000$ worth of USD/JPY at 107.98**
  - PIP value in USD: 0.01/107.98 = 0.000093$
  - 0.000093 * 50,000 = 4.65$
  - If the deal is closed at 107.78 (20 PIPS loss): 4.65 * (-20) = -93$

We have made these examples using huge amounts of money (100,000€ or 50,000$). These are very large figures, especially if you are new in trading. Here is where a very important factor comes in: **leverage**, which basically allows you to trade larger amounts than your initial investment.

4. WHAT IS LEVERAGE?

Imagine you want to buy a 100,000$ house, so you go to the bank to take out a loan. The bank requires you to supply 20% of the value of the property as a down payment on the loan. The result is that, for 20,000$, you can access a property valued in 100,000$. This is an example of leverage in real estate. You have bought the house at a leverage of 5x (20,000 is 1/5 of 100,000).

One year later, the real estate market has appreciated by 10%, so your house is now valued in 110,000$ and you decide to sell it. If you had not asked for a loan and you had paid for the entire house from the beginning (100,000$), your profits of your initial investment would effectively be 10% (10,000$). However, the fact that you only invested 20,000$ and used the leverage, means that those 10,000$ of house appreciation no longer represent only 10% of your investment, but you will have made a much more profitable operation that will have given you a return of 50% (10,000$ profits with an investment of 20,000$, which coincides with the result of multiplying the theoretical profits-10% by your leverage-5x).

Now, let's apply this logic to a forex trade. Imagine you buy 1,000€ worth of EUR/USD at 1.1103 with TP1 at 1.1123 (20 PIPS profit) and leverage is 10x. If you wouldn't have had leverage and it hits TP1, your profits would be the following: 0.0001/1.1103 = *0.00009€* - 0.00009 * 1,000 = *0.9€* - 0.9 * 20 = ***18€***. However, with leverage, you multiply that amount by 10, so your total profit when it hits TP1 would be ***180€*** (0.0001/1.1103 = *0.00009€* - 0.00009 * 10,000 = *9€* - 9 * 20 = *180€*).

- If you want to know more about leverage, we recommend that you watch this video: https://www.youtube.com/watch?v=OUswxUrqYu0

5. SO, HOW MUCH LEVERAGE SHOULD YOU USE?

Managing risk is key in forex trading, especially when you are new, so you must be very careful when choosing how much leverage you are going to use. It depends on many factors, one of which is the amount of money you are going to invest. In Matatrader 4 you choose how big is your leverage by choosing your lot. A lot in forex represents the quantity of the currency bought or sold in one trade. So, the size of a trade is measured in lots.

The standard lot in forex is = 100,000 units. Therefore, if you invest 1,000€ and open a buying trade in the pair EUR/USD with lot size 1, you are buying 100,000€, so you´re buying at a leverage of 100x.

These are the lot sizes we recommend depending on how much you invest:

- 100$ investment: 0.01 LOT
- 250$ investment: 0.02-0.03 LOT
- 500$ investment: 0.05 LOT
- 1,000$ investment: 0.1 LOT
- 10,000$ investment: 1 LOT

6. HOW TO MANAGE TAKE PROFITS

The management of Take Profits depends on the level of risk you want to assume and the amount of money you have invested in your account. There are different ways in which you can manage this:

STRATEGY 1

Metatrader 4 does not let you open 1 trade with more than 1 TP, so you should open 3 different trades in the following way:

- One trade setting the TP1 with 70% of your lot. Therefore, if you are using lot 0.1, this trade should have lot 0.07
- Another trade setting the TP2 with 20% of your lot (which would be 0.02)
- A third trade setting the TP3 with the pending 10% of your lot (0.01)

Advantage of using this strategy

- Trades will close automatically when they hit the TPs, meaning you will not have to be so alert to the market's movements. This will lower the risk, which is perfect for those who are starting to trade

Disadvantage of using this strategy

- Less risk means also fewer potential gains. The fact that trades close automatically limits your potential gains
- If your initial investment is low (100$ or so), you will not be able to open more than one trade, as the recommended lot is 0.01 and it is the minimum you can open in MT4. You can either use lot 0.02 and open two trades (with the TPs of your choice)

STRATEGY 2

This option consists of opening a single trade with no TPs, placing only the Stop Loss. You will then have to be extremely alert to the market's movements, so when the trade hits TP1, you should close 70% of the trade, when it hits TP2, close 20%, and when it hits TP3, close the pending 10%. You can, however, modify these percentages depending on the risk you are willing to assume.

For example, if you open a trade with lot 0.1, you will close 0.07 (70%) when it hits TP1, leaving the pending operation with lot 0.03. You will then close 0.02 (20%) when it touches TP2, leaving the pending operation with lot 0.01. Finally, you will close the rest when it hits TP3.

Advantage of using this strategy

- The absence of Take Profits gives you the opportunity to close the trades whenever you want, which means potential unlimited gains

Disadvantage of using this strategy

- You must be very alert to the markets, as the operations will not close automatically. Therefore, this is a much riskier option, only recommended for more experienced traders.

STRATEGY 3: SPECIAL STRATEGY

For beginners who do not want to take risks or for unstable economic situations:

As always in the world of investments and trading, the less risk also supposes fewer potential gains. However, it is a good method to not risk all your capital and be able to learn and familiarize yourself with the strategy you finally choose.

You should open 3 different trades in the following way:

- One trade setting the TP1 with 70% of your lot and putting the SL where we have said in the signal
- Another trade setting the TP2 with 20% of your lot and putting the SL where we have said in the signal. However, when your first trade has been closed (TP1 has been touched), you should **move the SL** to either the market execution price (the price in which you opened the trade) or to TP1 price
- A third trade setting the TP3 with the pending 10% of your lot and putting the SL where we have said in the signal. You should **move the SL** to either the market execution price or to TP1 price when your first trade has been closed, and following the same logic, when the second trade has been closed, you should **move the SL** to either TP1 price (if you had previously moved it to the market execution price) or to TP2 price

The same logic applies to those who cannot open 3 trades because they use very small lots: if the price reaches TP1, **move the SL** to either the market execution price or to TP1 price to secure profits and eliminate risk. Use the same method when it reaches TP2.

The percentages we have used in the previous examples (70% for TP1, 20% for TP2 and 10% for TP3) are just recommendations. They are oriented to beginners (as they minimize risk), so you can vary them whenever you feel comfortable enough to assume bigger risks.

7. FINAL RECOMMENDATIONS

- Forex trading requires a high amount of patience and discipline. You should not assess your results the same day you start. Wait some weeks as you learn how to follow our signals and manage your funds correctly.
- If your initial inversion is low, don't assume huge risks to get bigger gains faster.
- This is a mid/long-term thing, so don't expect to go from 100 do 1000$ in one week. Instead, be disciplined and constant, and remember that your gains will compound little by little.
- **ENJOY YOUR PROFITS!**